



Dilmah Ceylon Tea Company PLC

Sustainability Report 2017/18

Taste, Goodness and Purpose
#ForLoversofLife





Dilmah Ceylon Tea Company PLC

Sustainability Report 2017/18

Taste, Goodness and Purpose.
#ForLoversofLife



Dilmah
Sustainability
Report
2017/18



CONTENTS

1. OVERVIEW	01
1.1 How We Report	02
1.2 Message From The Chairman	03
1.4 Year In Review	04
1.5 About Dilmah	07
1.6 Compliance Framework	11
1.7 Memberships & Collaborations	12
2. SUSTAINABILITY	13
2.1 Sustainability at Dilmah	14
2.2 Our Vision & Strategy	14
2.3 Transforming Our Vision to Action	16
2.4 Our Values	17
2.5 How We Are Organized	18
2.6 Standards & Policies	20
2.7 UN Sustainable Development Goals	20
2.8 Commitment to UNGC	21
3. BUSINESS REVIEW	23
3.1 Financial Reporting	24
3.2 Performance Dashboard 2017/18	24
3.3 Financial Performance	25
4. BETTER OPERATIONS	27
4.1 Tea Journey	28
4.2 Impacts Along The Value Chain	30
4.3 Engaging With Our Stakeholders	32
4.4 Environmental Management	34
4.4.1 Becoming Climate Positive	35
4.4.2 Material Management	40
4.4.3 Waste Management	41
4.4.4 Water Stewardship	42
4.4.5 Noise & Dust Management	43
4.5 Industry Collaborations	44
4.6 Biodiversity Conservation	45
5. BETTER LIVES	47
5.1 Valued Employees	48
5.1.1 Employee Diversity	49
5.1.2 Development & Performance Management	50
5.1.3 Enhancing Safety	51
5.1.4 Welfare Programs	52
5.2 Social Empowerment	53
5.2.1 Empowerment, Development & Engagement	55
5.2.2 Providing Opportunities For All Children	61
5.2.3 Providing Opportunities For Youth	62
5.2.4 Infrastructure Development & Policy Support	64
5.2.5 Collaborations	65
6. GRI Index	67

A Memorable Brew

Welcome

to the Dilmah Sustainability Report, which covers our economic, social and environmental performance and significant events for Dilmah during the fiscal year 2017/18.

We want to create a truly sustainable tea industry which is good for people, communities and the planet. For Dilmah, sustainability is a core business imperative that underpins our strategy to build a more valuable enterprise. We believe that business is a matter of human service and thus our mission is to build value through operational excellence and leading the transition to a sustainable planet and society.

By emphasizing sustainable development, both as a concept and in practice, we aim to be a more robust, competitive and a resilient business in the long term. We are working to catalyze systemic changes across our own operations and the wider industry to ensure that we can continue to produce tea in a sustainable manner for many generations to come.

As a family company we all share the same values, the same belief in fairness, diversity, equality and the same ambition to produce better products and enhance livelihoods.

Dilmah is intensely involved in the communities in which it operates as well as indigent communities in Sri Lanka. We understand that in order to continue to succeed, we need to play our part now in conserving the environment by addressing related issues such as climate change waste management and build sustainable collaborations. We also continue to address biodiversity issues and work towards becoming more resilient.

Despite current economic challenges, we continued to invest in development that makes our business more sustainable. Through Dilmah Conservation and MJF Charitable Foundation we offered additional support for projects which can deliver long term benefits. Such support is intended to improve our overall sustainability performance, contributing to long term growth in shareholder value.

We want to continue to produce ethical tea for many generations to come. In line with our strategy we will continue to search for ways to make our business more sustainable and to work with others who share our values.

1. OVERVIEW

1. How We Report

We are committed to transparent reporting on the progress we make towards achieving our sustainability goals. This Dilmah annual sustainability report contains a summary of the company's environmental, social and economic impacts. We address key impacts (positive and negative) across our value chain, and where applicable this is reflected in our reporting. The scope of this report includes the company's business operations and facilities (owned or maintained) during the reporting period, 1st April 2017 to 31st March 2018. We adopt an annual reporting cycle and thus our last published sustainability report was in 2016/17.

The report boundary is confined to Dilmah Ceylon Tea Company PLC (Dilmah), formerly Ceylon Tea Services PLC, located at 111, Negombo Road, Peliyagoda, Sri Lanka. The organization's significant operations are located within Sri Lanka at the Dilmah factory in Peliyagoda, with 300,000 square feet of built up space on 4 acres, 842 staff and over 70 advanced tea packaging machines. Stringent quality assurance standards are employed to consistently

provide the finest cup of tea. Our core business operations include marketing, sourcing, planning, transporting, quality controlling, purifying, blending, tasting, grading, packing, labelling and shipping.

Included are links to useful information and publicly available resources related to our financial, social and environmental performance.

Our greenhouse gas (GHG) emissions accounting and reporting is aligned with the GHG Protocol, developed by World Resources Institute (WRI), World Business Council for Sustainable Development (WBCSD) and ISO 14064 standard (published in 2006) is part of the ISO 14000 series of International Standards for environmental management. The emission factors we use are from publicly available sources such as the Intergovernmental Panel on Climate Change (IPCC) guidelines and National Grid Emission from Sri Lanka Sustainable Energy Authority (SLSEA) and International Civil Aviation Organization (ICAO).

Monetary amounts are reported in Sri Lankan Rupees (Rs./LKR)

and United States Dollar (\$/USD).

Additional information related to the organization's financial performance is provided in our Annual Report. The Annual Report has been prepared in accordance with Sri Lanka Accounting Standards, issued by The Institute of Chartered Accountants of Sri Lanka and in compliance with the requirements of the Companies Act, No. 07 of 2007 and the Listing Rules of Colombo Stock Exchange.

Global Reporting Initiative (GRI)

This report is prepared with reference to the GRI Standards. The GRI index is available from page 66 to 67.

Report Availability and Contact

A digital copy of this sustainability report and key information relating to sustainability is available on; www.dilmahte.com/sustainability

We welcome your feedback, suggestions and other comments.

Please contact:

Shelomi Perera,
Sustainability Officer

E-mail : sustainability@dilmahte.com



1.2 Message From The Chairman

Dear Stakeholders,

We are honoured to present our fifth cohesive sustainability report while reaffirming our commitment to sustainability in all dimensions of the Dilmah business. We maintain our uncompromising commitment to founding values of Dilmah in integrating into the heart of our business, respect for nature and future life on earth. Through our products, workforce and willingness to adapt and explore, we strive to combine tradition and innovation to create a healthier, happier and better world by bringing the best from bush to cup. These attributes form our assurance of Taste, Goodness and Purpose.

As supply chains became longer and more complex, the final product gets further and further from where it started. Today, people want to know the origin of their food and drink. That is why we believe the future of our industry is to reconnect with the past. At Dilmah we have never lost touch with our own past. The lessons of three decades feel more relevant today than ever. We are drawing on these long-held values to try and create a better future for the beverage industry. That means harnessing new technologies in a responsible way – ensuring future innovations to drive our industry to new heights, delivering healthy products to consumers around the world. It means continuing the tradition of fair dealings that has helped us build life-long relationships and thriving communities.

It means using our experience to make our crops more sustainable and our supply chains more transparent. Most of all it means empowering our customers – both large and small – to develop the natural, traceable and trusted products that consumers are

now asking for. The tea industry is at a pivotal moment in its identification and management of some of the key factors impacting on it. Consumers and brands want to trust that the tea they buy is made in a way that supports the industry long-term, that supply is transparent and traceable and the product is good for people and our planet.

The tea sector is particularly challenged by climate change and ever changing weather patterns. Around the world, climate change is a reality and happening fast, particularly affecting tropical agriculture. It is no longer a matter of if business should or can act on climate change but how, and how fast they deliver change. At Dilmah we believe that companies are solution providers: that we are expected to be part of the solutions, from new energy models to efficiencies in the production and distribution of goods. We are setting for ourselves clear and ambitious science-based targets following the Paris Agreement, which businesses are expected to link to through the Intended Nationally Determined Contributions (INDCs).

To keep within our sustainability strategy, our corporate office continuously provides oversight, facilitation and guidance. Commitment is owned by each divisional head and subsequently by senior managers across our operations. Each head has sustainability KPIs built into their performance analysis. Our new strategic sustainability objectives are aligned with our core business strategy, values and vision. Globally we are seeing increasing contributions from companies and corporations to achieve and implement the UN Sustainable Development Goals (SDGs) by 2030.



Our new strategy aligns our areas of influence with the SDGs.

At Dilmah we grow profitably and sustainably by serving as the industry's trusted leader in the supply of tea, in all its wonderful varieties, formats and applications. Precautionary approach, a key aspect to our environmental policy is to seek to understand, protect and enhance biodiversity around our operations and where practicable pursue an agenda for restoration. We not only seek to protect and enhance the environment and biodiversity surrounding our operations and ensure the safety of our employees by executing a robust OHS management system, we also look to empower and embrace our local communities.

Taking on board lessons from the last three decades of our existence, the increasing expectations from our stakeholders and our sustainability strategy, we seek to future proof our business and reduce risk, whilst being proactive and rising to challenges. We are extremely grateful for the time and effort put in by all our teams involved in developing a comprehensive plan for the Group towards 2030 and beyond that could provide a blueprint for the right approach towards sustainable growth.

Merrill J. Fernando
Founder of Dilmah

1.4 Year In Review

2017/18
A YEAR OF
REMARKABLE GROWTH
AND AMAZING
STORIES

We launched
Brew 1867;

a contemporary reunion of Ceylon tea and Ceylon coffee,
to revitalize coffee farming in Sri Lanka

We established
The MJF youth programme,

to meet the needs of a missed demographic essential to the country's growth

We piloted

Sri Lanka's first **Centre for Climate Change Research** & Adaptation,
to have all farmers understand the impact of climate change and build resilience through adaptation

We fed

2,104 children under the age of 5 daily on our estates,
to increase their nutritional intake and promote their overall development

We funded

The 4th **Asia Pacific Choir Games,**
to support the development of the arts in Sri Lanka and recognize the depth of talent within its choirs

We Supported
304 Small Entrepreneurs in rural areas,

to increase their access to interest free credit and resources to grow their business

We planted
230,000 cashew plants to achieve our target of 1 million cashew trees,
and to help in greening the East whilst increasing household income

We experienced
a **26%** growth in overall sales,
a **17%** growth in the sales of Premium Tea range,
a **45,784** growth in our social media community,

We sold
a total of **5,537** tonnes of tea

We tasted
520,000 cups of tea,
to choose the perfect one for you

Awards Recognition

- Inter brand recognized Dilmah as a valuable and best-performing brand in 2017
- Lifetime Service Award was presented to Dilmah founder, Merrill J. Fernando
- Dilmah founder, Merrill J. Fernando Recognized by Business Today's Passionate 2017' list of Sri Lankans

Global Events

- Dilmah showcased over 200 varieties of tea at Gulfood 2017
- Dilmah attended The 2017 Mesa Family Business Conference
- Dilmah was a Gold Sponsor for Colombo International Tea Convention 2017
- 4th Asia Pacific Choir Games And Grand Prix Of Nations – 2017 was held in Collaboration with Dilmah

Partner Events

- Dilmah created a tea inspired Christmas with a global culinary and mixology challenge
- Dilmah represented at the IHG Conference

Staff Events

- Dilmah Long Service Awards 2017 was held in appreciation of staff
- The charity program '12 Things Christmas List' was conducted in aid of the underprivileged
- End of year celebrations continued at the staff Christmas Party
- Dilmah held a full day program in celebration of women's day

Community Highlights

- MJF kids celebrated father's day 2017 with an inspirational art and craft exhibition
- MJF Centre celebrated World Down Syndrome Day 2017 under the theme 'We are different but we are able'
- Sponsor for AIDEX 2017 a sports festival for over 250 Jaipur limb users
- Sponsored the National Blind Cricket Tournament as well as the Sri Lanka National Blind Cricket Team for the 2018 World Cup
- Early intervention training to all the midwives within the Moratuwa Divisional Secretariat
- National Centre for Cerebral Palsy and Other Development Disorders celebrated World Cerebral Palsy Day
- The inaugural Ironman Colombo 70.3 included a wheelchair race for children under the age of 10 bringing awareness and a focus on disability
- The Foundation's Annual Concert "Celebrating Differences" featured performances from across centres in Sri Lanka

Dilmah Conservation Highlights

- The company achieved its carbon neutral goals
- Established Sri Lanka's first private sector Climate Change Research Station
- Biodiversity Sri Lanka (BSL) concluded its Annual Technical Sessions, Second AGM and CEO Forum was held on 12th September 2017
- The One Earth Urban Arboretum inaugurated in February 2017, hosts over 500 floral species
- Dilmah Recycling was inaugurated in March 2018,
- The Photography Workshop featuring National Geographic photographers was organized
- The first environmental lecture on Lichens, was held in May 2017. The sessions were conducted by renowned lichenologists
- 'A field guide to dragonflies and damselflies' A Field Guide to the Bats of Sri Lanka was published
- Exploration of the untouched cave biodiversity of Sri Lanka
- Facilitated scientific data collection radio collaring elephants in Yala

Detailed information relating to events is available on; <https://pressroom.dilmahtea.com>

1.5 About Dilmah

Dilmah Ceylon Tea Company PLC is a public listed tea company founded by Merrill J. Fernando in the 1980's. Today Dilmah has grown into an international brand that is enjoyed in over 100 countries.

We strive to offer our customers the finest tea on earth, in the most sustainable way.

Through our physical stores and digital channels, we reach customers around the world. Our customer proximity is amplified by our global distribution network.

Within our operations, Dilmah Conservation and MJF Charitable Foundation we have nurtured strong relationships across the country creating shared value and facilitating socio economic development.

Celebrating 30 Years of #nocompromise

For 30 years Dilmah has had a proud heritage of providing tea lovers with the finest quality tea in the world. To celebrate, we launched an exciting new range of Founder's Anniversary Reserve Tea.



Dilmah Conservation

Dilmah Conservation was established in 2007, as an extension of our commitment to ensuring that all its operations are bound by a respectful and sustainable

interaction with nature and the environment.

We have engaged in numerous projects aimed at mainstreaming sustainability, promoting research and environmental education, the conservation and protection of Sri Lanka's biodiversity, habitat and ecosystem restoration. More information is available on; www.dilmahconservation.org/

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.

www.mjffoundation.org/ethical-tea-society/

About MJF Charitable Foundation

Merrill J. Fernando Charitable Foundation is the non-profit, philanthropic arm of Dilmah. The foundation's mission is to drive long lasting positive change and improve the lives of women, men, girls and boys to ensure that they have control of their futures and also pay it forward to their own communities. By 2020 the Foundation seeks to impact over 18,000 lives directly and significantly with a total of over 200,000 lives reached.

Learn more about MJF Foundation's work on pages 53-65.

www.mjffoundation.org

\$59 Million
in Sales in 2017/18

2833
Products

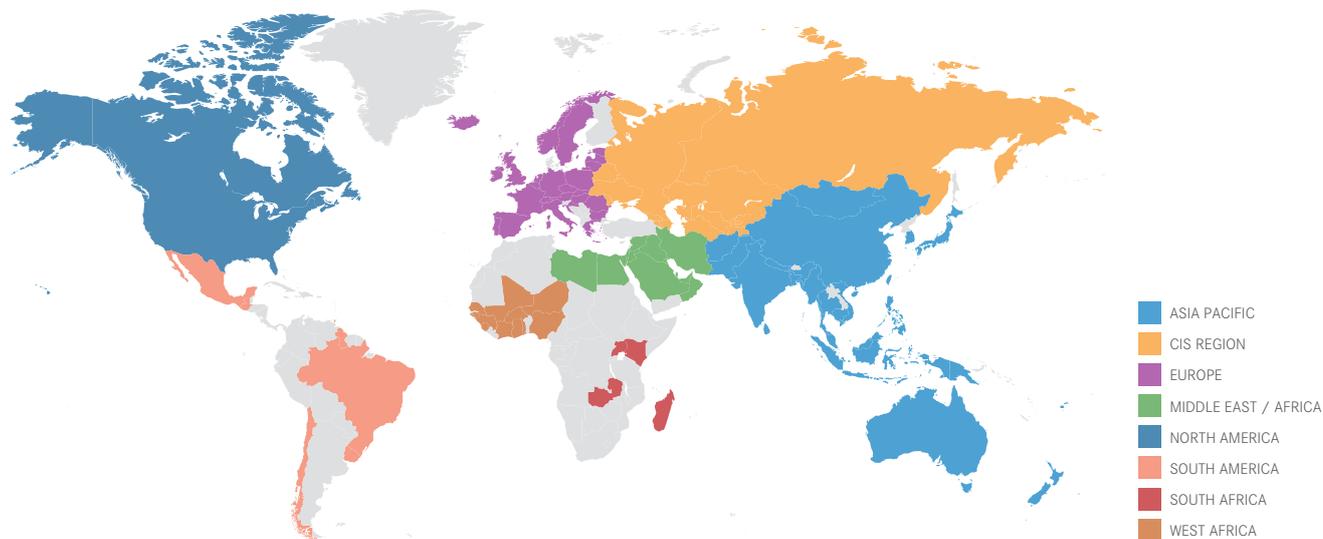
22
Product Categories

We are building a consumer-centric, vibrant, portfolio that provides refreshment, great taste, pleasure and more.

- Premium Tea Selection
- Silver Tea Selection
- Ceylon Orange Pekoe Tea Selection
- Founders Anniversary Reserve
- Ceylon Gold Tea Selection
- Gourmet Tea Selection
- Gold Tea Selection
- Watte Regional Tea Selection
- Vivid Tea Selection
- Silver Jubilee Gourmet
- Exceptional Tea Selection
- Watte Single Estate Tea Selection
- Fun Tea Selection
- Refill Tea Selection
- Masala Chai Tea Selection
- Organic Tea Selection
- Decaff Tea Selection
- Green Tea Selection
- Herbal Infusions
- Bonus Tea Selection
- Iced Tea

Global Presence

Outside of Sri Lanka, in over 100 countries where Dilmah teas are sold, there is a vast network of sales agents and distributors, who drive the business, visiting existing customers, finding new opportunities and perpetuating the ethos of Dilmah Tea.

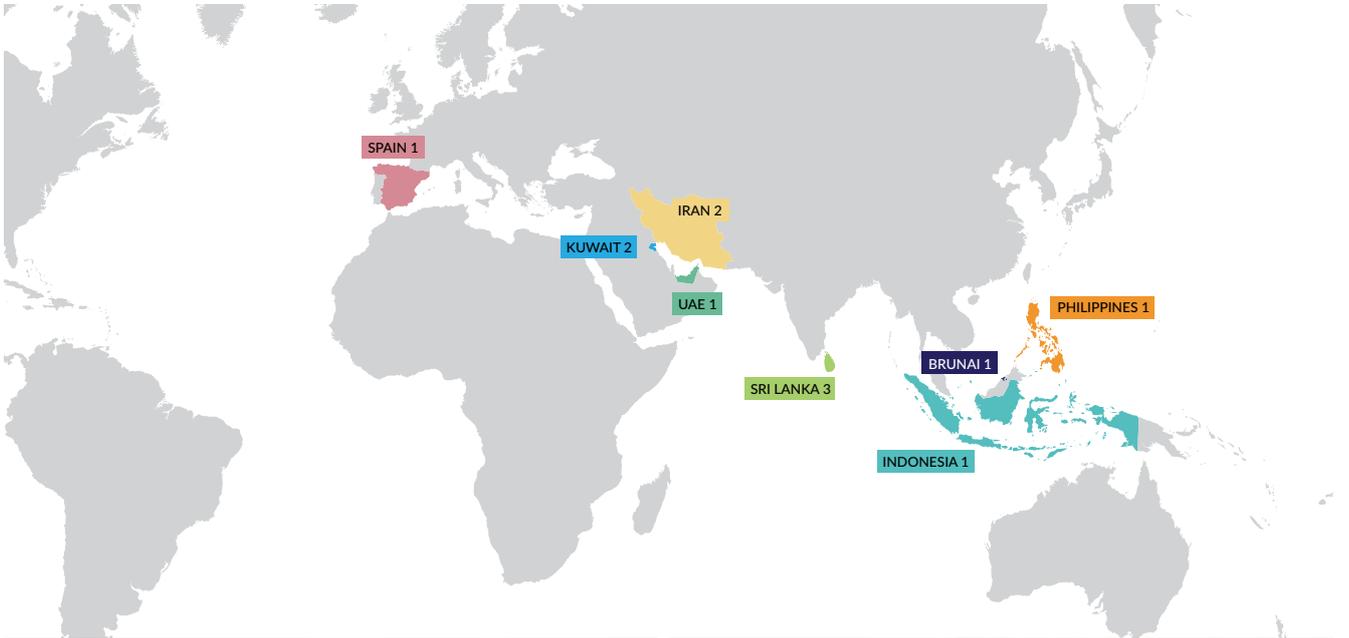


ASIA PACIFIC	MIDDLE EAST / AFRICA	WEST AFRICA	EUROPE	CIS REGION	EAST AFRICA	NORTH AMERICA	CENTRAL AMERICA
Afghanistan	Bahrain	Benin	Austria	Armenia	Kenya	Canada	Belize
Australia	Cyprus	Burkina Faso	Belgium	Azerbaijan	Madagascar	USA	Brazil
Bangladesh	Egypt	Ghana	Bulgaria	Belarus	Mauritius		Chile
Brunei	Iran	Guinea Bissau	Czech Republic	Georgia	Seychelles		Guatemala
Cambodia	Iraq	Guinea Conakry	Estonia	Kazakhstan	Uganda		Guyana
China	Israel	Ivory Coast	France	Kyrgyzstan	Zambia		Mexico
Fiji	Jordan	Mali	Germany	Moldova			Trinidad & Tobago
India	Kuwait	Nigeria	Greece	Russia			Uruguay
Indonesia	Lebanon	Sierra Leone	Hungary	Tajikistan			
Japan	Libya	Togo	Iceland	Turkmenistan			
Malaysia	Malta		Ireland	Ukraine			
Maldives	Oman		Italy	Uzbekistan			
Mongolia	Palestine		Latvia				
Myanmar	Qatar		Lithuania				
Nepal	Saudi Arabia		Netherlands				
New Zealand	Syria		Norway				
Pakistan	UAE		Poland				
Papua New Guinea			Portugal				
Philippines			Romania				
Singapore			Slovakia				
South Korea		Slovenia					
Sri Lanka		Spain					
Taiwan		Sweden					
Thailand		Switzerland					
Vietnam		United Kingdom					

t-Lounge By Dilmah

The t-Lounges offer the most comprehensive and authentic tea experience. Tea lounges are available in the following countries; Brunei, Indonesia, Iran, Kuwait, Philippines, Spain, Sri Lanka and UAE.

More information is available on; <https://www.dilmaht-lounge.com/>



Brew 1867

1867 was the year that Ceylon Coffee gave way to Ceylon Tea. Over a century later both are nostalgically reunited at Brew 1867, This Sri Lankan exclusive latest venture aims to offer our customers the best of both worlds.



Social Media Growth in 2017/18

2%

Dilmah Tea

4%

The t-Lounge
by Dilmah

4%

Dilmah Tea
Gastronomy

79%

MJF
Charitable
Foundation

55%

Dilmah
Conservation

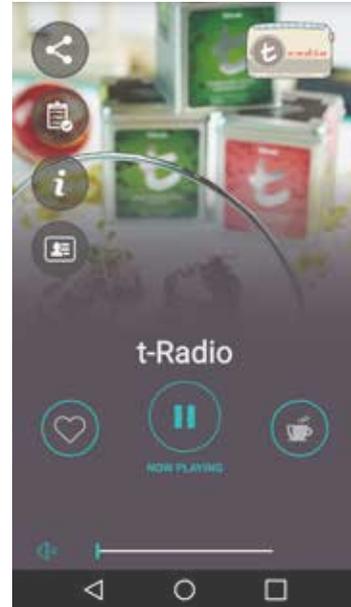
shop.dilmahtea.com

Dilmah's new online global shop includes exciting features and is designed to enhance customer experience. There is a newly introduced loyalty scheme with redeemable loyalty points for use on future purchases. There are also exciting new recipes to follow including tea inspired mocktails and cocktails.



t-Radio - Tea Inspired Music

Taking the art of tea to new heights and setting new standards in the world of tea, Dilmah has today pioneered the concept of t-Radio; an international radio channel dedicated to tea. Special segments and podcasts are available on the app and website; www.tearadio.com



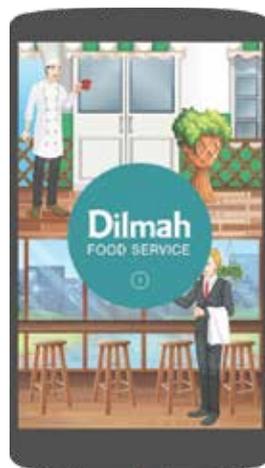
Creating Environmental Awareness through Naturetoons

The Naturetoons illustrated by cartoonist Awantha Artigala are frequently posted on Dilmah Conservation's Facebook page. The Naturetoons have been gathering momentum since it's imitation in 2015



Tea Inspired Mobile App

This app was developed to educate, guide and inform hospitality and culinary professionals about Dilmah tea and tea concepts; to help with the thinking or planning process of menus, dishes and drinks; and to create real high tea experiences with tea, food pairings and tea inspired food and beverages. The app is available on Android, iOS and Windows.



1.6 Compliance Framework

Conformance to regulatory standards ensure that the organization is compliant and transparent. We seek to go beyond the mandatory aspects of compliance and endorse voluntary adherence in our commitment to continue to be an ethical business.

	REGULATORY	VOLUNTARY
Environment	<ul style="list-style-type: none"> • Forest Conservation Ordinance • Tea (Tax and Control of Export) Act • Tea Control Act • Tea and Rubber Estates (Control of Fragmentation) Act 	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI) • UN Global Compact • ISO 14001 – Environmental Management System
Financial	<ul style="list-style-type: none"> • Laws and regulations of the Companies Act No.7 of 2007 • Listing Rules of the Colombo Stock Exchange (CSE) and subsequent revisions to-date • Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and subsequent amendments to-date, including directives and circulars • Code of Best Practices on Corporate Governance (2013) jointly advocated by the Securities and Exchange Commission of Sri Lanka (SEC) • Central Depository System Rules • Inland Revenue Act • Customs Ordinance • Consumer Credit Act • Intellectual Property Act • Notaries Ordinance • Payment of Gratuity Act • Stamp Duty Act 	
Health & Safety	<ul style="list-style-type: none"> • Factories Ordinance • Tea Control Act 	<ul style="list-style-type: none"> • ISO 9001 – Quality Management system • FSSC- Food safety Systems in compliance with ISO 22000:2005 • British Retail Consortium Global Standard for Food Safety • Organic Product Certification for EU, USDA NOP & JAS systems • Laboratory accreditation according to ISO 17025 for Chemical testing & Biological testing • Kosher • Halal
Labour	<ul style="list-style-type: none"> • Employment of Women, Young Persons and Children Act • Convention against Torture and other Cruel, Inhumane or Degrading Treatment or Punishment Act • Convention on the Suppression of Terrorist Financing Act • International Covenant on Civil and Political Rights (ICCPR) Act • Protection of the Rights of Persons with Disabilities Act • Maternity Benefits Ordinance • Shop and Office Employees (regulation of employment and remuneration) Act • Workmen’s Compensation Ordinance 	<ul style="list-style-type: none"> • Occupational Hygiene monitoring • Noise Monitoring • Responsible Care – Environment Health & Safety

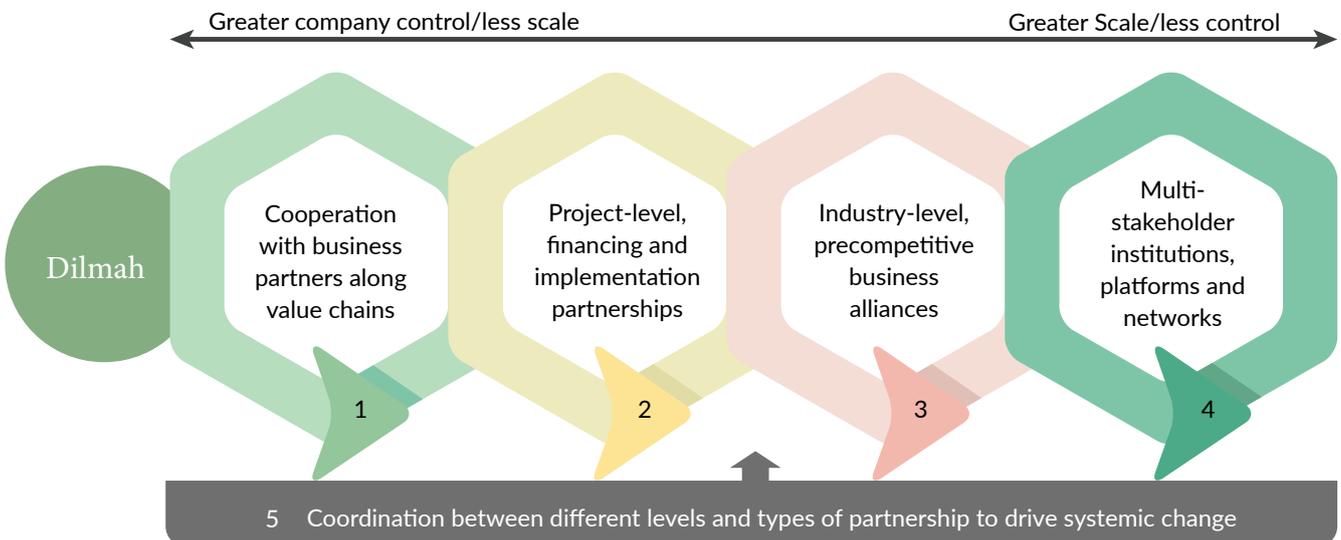
1.7 Memberships & Collaborations

In the past year, it has become increasingly clear that the world is changing fast and profoundly. To create shared solutions to global challenges we need to work together, combining our capabilities, resources, and assets. Our work includes both consulting engagements and collaborative initiatives with external entities.



Future Collaborations for Sustainability

Impactful collaborations that are well designed, well governed, accountable, and impactful are needed to ensure sustainability of our business and for the benefit of society as a whole. We aim to adapt collaborative pathways to scale business engagement model developed by Harvard and we strive to create more powerful collaborations through equal and inclusive representation for all actors, action-oriented initiatives that focus on achieving specific outcomes, sharing Information for credibility and understanding and driving significant, measureable improvements in the future.



2 SUSTAINABILITY

2.1 Sustainability at Dilmah

Our commitment to leadership in sustainability is anchored firmly in our corporate values. Maintaining a balance between economic success, protection of the environment, and social responsibility has been fundamental to our corporate culture since inception. This approach applies to every business unit and functions. Our employees and distributors all over the world have firmly embraced the principles of sustainable

development in their daily work and think and act accordingly.

Dilmah owes its success to the quality of Ceylon Tea. The business relies on an enduring connection to the land and the communities in which we operate, therefore we have pioneered a comprehensive commitment to minimizing our impact on the planet, fostering respect for the environment and ensuring its protection by

encouraging a harmonious coexistence of man and nature. We believe that conservation is ultimately about people and the future of the human race and that efforts in conservation have associated human well-being and poverty reduction outcomes. These core values allow us to meet and exceed our customers' expectations of sustainability.

2.2 Our Vision & Strategy

Today our environment and our society are facing some serious challenges. Climate change presents the single biggest threat to development, its widespread, unprecedented effects disproportionately burden the poorest and the most vulnerable. We will soon face a global shortage of vital resources. Many people are already living in extreme poverty, and issues such as forced labour and discrimination prevent millions of people from living a good life. These challenges are compounded by the size and growth of the world's population.

We believe that our industry needs to increase the pace of change in addressing these global environmental and social issues. We have a responsibility and an opportunity to create this acceleration and facilitate the right collaborations for success.

We believe in moving the whole market forward, for our own business and for other businesses that share our values. Built on lessons learned from our conscious commitments, our new strategy will guide us in the next exciting phase of our journey towards sustainable tea.

For Dilmah, sustainability is a core business imperative that underpins our strategy to build a more valuable enterprise. Our mission is to build value through operational excellence and lead the transition to a sustainable planet and society.

We are working to catalyze these systemic changes across our own operations and the wider industry to ensure that we can continue to produce tea in a sustainable manner for many generations to come.

We all share the same values, the same belief in fairness, diversity, equality and the same ambition to produce better products and enhance livelihoods.

We know that achieving our vision and goals will not be easy, but we constantly attempt to embrace and tackle challenges. Year on year we strive to improve by transforming our challenges into opportunities and balance business growth and sustainability. We work with and learn from stakeholders and industry experts who help set and shape our sustainability work, we believe that we are in a strong position to have a positive impact by establishing goals and roadmaps to drive positive change throughout our company and the wider industry.

Dilmah Sustainability Strategy



Our strategy is built on four key ambitions to achieve our vision

Better Operations, Better Lives

100% RESPONSIBLE PRODUCTION

- Product design and innovation
- Recycled or other sustainably sourced materials
- Waste diversion from landfills

100% RENEWABLE OPERATIONS

- Energy efficient factories
- Closed loop water systems
- Climate positive operations

100% SAFETY AND EQUALITY

- Enhanced workplace health and safety
- Support human rights and elimination of workplace harassment
- Steward diversity and inclusion by creating opportunities

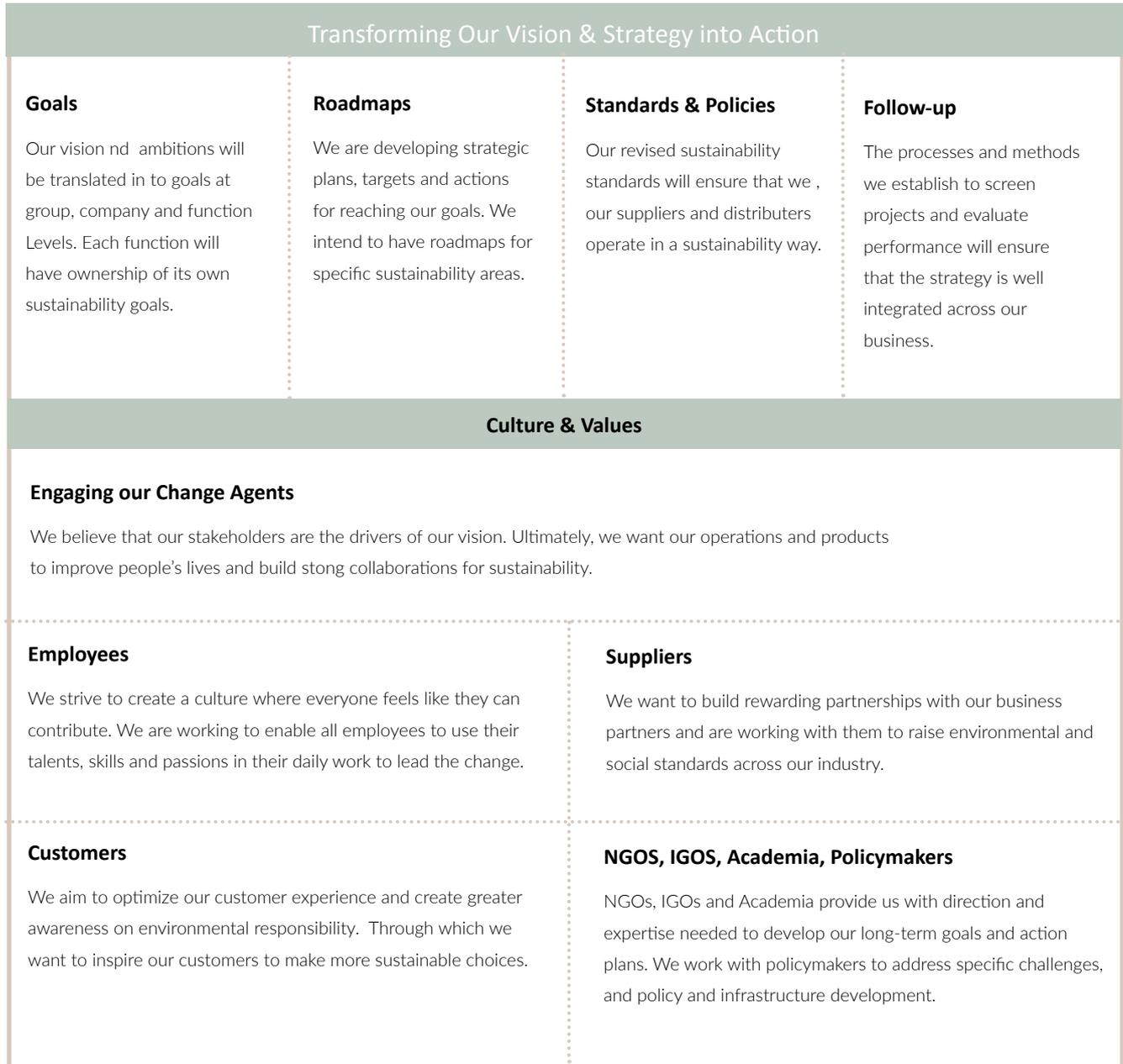
100% HAPPINESS

- Skill development and career progress
- Engagement and feedback
- Social empowerment

2.3 Transforming Our Vision to Action

While our strong vision and ambitions help set the direction of our sustainability strategy, it is our Vision to Action Program that transforms our strategy into success.

The process brings together the goals, roadmaps, standards and evaluation we need to work towards our vision by systematically and effectively integrating sustainability into all aspects of our business.



2.4 Our Values

The organization's culture consists of the attitudes, values, beliefs and underlying behavioral characteristics that best represent the brand. Our values influence decisions, actions, and ultimately the overall performance of the organization. Recognizing this, we have spent years building our reputation and instilling these attributes in the hearts of all our stakeholders across the island and beyond. Today, we are very proud of the confidence our stakeholders have in us.

Dedication

Willingness to devote time and energy to an assigned set of tasks in line with a purpose linked to overall interest of the organization.

Integrity

Preference to do what is right, in line with moral and ethical convictions under all circumstances.

Loyalty

Devoted association with the organization and affection towards it.

Motivation

Demonstration of inner drive towards action in fulfilling identified needs.

Authenticity

Being real or genuine in all circumstances.

Humaneness

Demonstrating one's human side in dealing with others.



2.5 How We Are Organized

The Board Of Directors

The Board is made up of members with substantial experience and knowledge concerning the industry and the Executive Directors specialize in their respective functional areas. The names of members of the board are listed below.

Mr. Merrill J. Fernando

Chairman

Mr. Himendra S. Ranaweera

Deputy Chairman

Mr. Malik J. Fernando

Director

Mr. Dilhan C. Fernando

Director /CEO

Mr. Roshan Tissaarachy

Director

Ms. Minette Perera

Non Executive Director

Mr. Rajan Asirwatham

Non Executive, Independent Director

Mr. Gritakumar E. Chitty

Non Executive Director, Independent Director

Responsibilities Of The Board

The Chairman leads the Board and takes overall responsibility for its effectiveness and efficiency. The Board bears responsibility for corporate governance and conformance, to fully discharge expectations of various stakeholder groups and support sustained performance. The Board achieves this through formulation of business strategy and direction, establishing corporate policy, budgetary planning and control over major capital investments and expenses and ensuring sufficient internal controls are in place to safeguard company assets.

The Board in discharging its duties seeks independent professional advice from external parties when necessary. Formal meetings are held once a quarter and special meetings are held, as needed.

The Board is committed to attaining the highest standards of corporate governance and corporate ethics, with the objective of safeguarding the interest of all stakeholders and ensuring future business sustainability. We resolutely believe in the need to balance interests of all stakeholders and endorse the independence of business and society.

Board Committees

To facilitate focused attention on specific areas of review and in pursuance of the listing rules of the Colombo Stock Exchange, the Board has appointed three sub committees: the Audit Committee, Remuneration Committee and Related Party Transaction Review Committee. All committee reports are included in the Dilmah Ceylon Tea Company PLC Annual Report.

Internal Controls

The Board has overall responsibility of the systems of internal control and has put in place sufficient internal controls to protect its assets and to ensure compliance with statutory requirements enlisted in the compliance framework. The company has Key Performance Indicators (KPIs) covering all operational and functional areas of the organization. These KPIs are monitored periodically and management reviews are held quarterly.

Market Review

The individual market performances are evaluated on a monthly and quarterly basis. The actual performance is compared with the budgets, prior year performance, competitor activities, media communications and other marketing activities.

Financial Review

The Chairman and Executive Directors review the monthly financial performance of the company. The

review covers profitability, cash flows, budgets and key performance indicators of the Company.

Internal Audit – The audit function forms an important unit of the company and the internal auditor carries out a program of financial auditing of various functions and processes. As required by the certification process, trained internal auditors conduct regular system audits and verifications based on the requirements of certification

standards.

External Audits- As required by the certification process, third party audits are performed by the accredited certification bodies to verify compliance status and effectiveness of the management certification systems.

HR Review

The company carries out the appraisal of each and every employee on a quarterly basis through the new Employee Performance Management

System for the executive staff. The review identifies the achievement of individual objectives and Key Performance Indicators, the strengths and weaknesses of the employees, whilst evaluating his/her contribution to the performance of the Company. This review also identifies the training needs and external/internal training

programs are conducted to meet the identified needs.

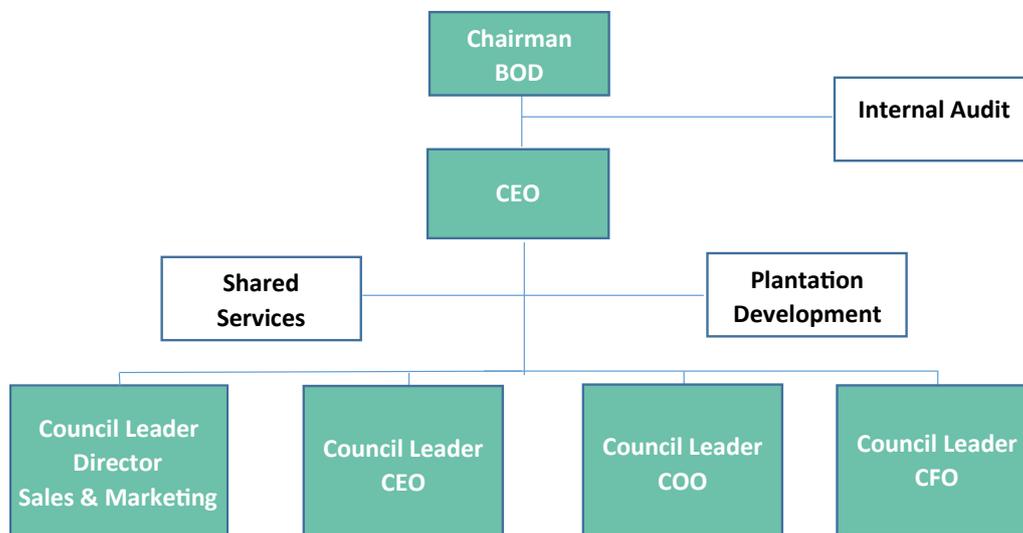
Risk Review

Managing risk is a key aspect in the Board’s stewardship role. Evaluation of risk is an ongoing process adopted by the company. The Board reviews and deliberates on the various risks

The Company may face and takes proactive decisions to ensure that all reasonable steps are taken to reduce or eliminate such risk.

Company Structure

To drive long term change throughout our organization, it is crucial that sustainability plays an active role in the daily work of all our colleagues and across every function within Dilmah.



Cluster Structure	Cluster Structure	Cluster Structure	Cluster Structure
Marketing - Sales	Sustainability	Planning & Factory	Finance Management
Marketing - Administration	Marketing - International	Supply Chain	ERP
Tea – Routine Operations	Marketing - Brand Marketing	Engineering & Maintenance	Inventory Management
Shipping	Tea - Buying Policy / Standard Creation	HR & Welfare - Routine	Properties
Customer Service	HR & Welfare - Policy	NPD	
	t - Lounge	Administration & Security	
	Quality Assurance	Transportation & Container Ops	
	Food Technology	Warehouses	
	Legal		
	MJF Charitable Foundation		
	Dilmah Conservation		

2.6 Standards & Policies

Our standards and policies help us ensure that we are staying on track to achieve our sustainability vision and goals and to communicate our ethics and business values to all our employees and business partners. Our policies and standards are based on international equivalents and well-recognized initiatives, such as ILO Conventions or the UN Guiding Principles on Business and Human Rights.

Policies Currently in Place

- Code of Ethics
- Environmental Policy
- Health & Safety Policy
- Payment Authority Policy
- Sustainability Commitment

New Policies to be introduced in 2018/19

- Bribery & Corruption Policy
- Human Rights Policy
- Non-discrimination & Anti-harassment
- Policy on Diversity, Inclusiveness and Equality
- Responsible Marketing Policy
- Sustainable Procurement Policy & Supplier guidelines
- Whistleblowing Policy

2.7 UN Sustainable Development Goals

The UN’s Sustainability Development Goals (SDGs) and the 2030 Agenda for Sustainable Development call for worldwide action amongst governments, business and civil society to address social and economic challenges.

We have aligned our sustainability strategy with the SDGs. To create shared solutions to global challenges we need to work together, combining our capabilities, resources, and assets



2.8 Commitment to UNGC

Dilmah is a signatory to the United Nations Global Compact. The Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles concerning human rights, labour, environment and anti-corruption.

UN Global Compact Principle		Our Actions	
Human Rights	Principle 1	<p>Businesses should support and respect the protection of internationally proclaimed human rights</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.</p> <p>Dilmah recognizes that we have a responsibility to uphold human rights both in the workplace and more broadly within our sphere of influence. Proposed initiatives;</p> <ul style="list-style-type: none"> • Launch 'Dilmah Care'; 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 • Design grievance system for reporting of issues relating to Human Rights and workplace harassment • Introduce ethics training to HR orientation programs • Awareness sessions • Human Rights Day communication 	
	Principle 2		<p>Make sure that they are not complicit in human rights abuses</p>
Labour	Principle 3	<p>Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;</p> <p>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.</p> <p>We emphasize our commitment to ethical behavior in our values and reinforce the responsibility of everyone in the organization to act with integrity.</p> <p>Integrity : Preference to do what is right, in line with moral and ethical convictions under all circumstances.</p> <p>Dilmah is in compliance with all applicable, Labour Laws such as those identified in section 1.6.</p> <p>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.</p>	
	Principle 4		<p>the elimination of all forms of forced and compulsory labour;</p>
	Principle 5		<p>the elimination of all forms of forced and compulsory labour;</p>
	Principle 6		<p>the elimination of discrimination in respect of employment and occupation.</p>

UN Global Compact Principle			Our Actions
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	<p>Reaching environmental excellence is a main objective. We dedicate significant efforts to address key sustainability-related issues, from biodiversity and conservation to renewable energy, climate change and emissions monitoring. Our Sustainability Strategy has specific objectives to address environmental global challenges, including:</p> <p>Climate change, resource scarcity and loss of biodiversity : We conduct external assurance for a number of our key performance indicators for our industry, including CO₂, dust, NO_x and SO_x emissions annually.</p> <p>Following its inception in 2007, Dilmah Conservation has worked towards promoting the sustainable use of the environment in partnership with other organisations including the International Union for Conservation of Nature (IUCN), the Field Ornithology Group of Sri Lanka (FOGSL), the Sri Lanka Association for the Advancement of Science (SLAAS) and a number of professional and academic institutions including several local universities. This work has been categorized into four focal areas which are sustainability, biodiversity, heritage and communications.</p> <p>During the year Rs. 60M (\$0.38M) was utilized for Dilmah Conservation with the aspiration of safeguarding the environment. Dilmah Conservation work revolves around the creation of reconciliation programmes by using nature as a catalyst, introduction to sustainable initiatives in the spheres of agriculture and the implementation of programmes on the protection of species habitat and biodiversity through public service announcements and other media.</p> <p>More information is available on; https://www.dilmahconservation.org/initiatives</p>
	Principle 8	Undertake initiatives to promote greater environmental responsibility; and	
	Principle 9	encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	<p>Ethics are at the heart of our work, people, and role in society. Wherever we may operate, we are committed to doing so lawfully, ethically and with integrity. We promote ethical practices through responsible taxation; corporate governance; and security. All company associated persons are required to comply with internal policies and anti-bribery and anti-corruption legislation that applies in any jurisdiction.</p> <p>We contribute to the global economic prosperity and social wellbeing through job creation and skill development, youth employment, trade and investment.</p>

3 BUSINESS REVIEW

3.1 Financial Reporting

Management Approach

Dilmah is committed to supporting environmental and social initiatives and contributing to the local economy by way of its supply chain. With the help of new investments made in this direction, contribution to the aforementioned areas continued throughout the year. Business sustainability, its possession, management and accumulation are carefully monitored. It is used to plan, manage and communicate our financial performance, management actions and financial position to all our stakeholders.

Our financial performance and financial position that follows, presents our economic

performance during the year in review and the status as at the end of the financial year. Detailed financial statements are included in the company 2017/18 Annual report. The Financial Statements included in the Annual Report have been prepared in accordance with Sri Lanka Accounting Standards, issued by The Institute of Chartered Accountants of Sri Lanka and comply with requirements of the Companies Act, No. 07 of 2007 and Listing Rules of Colombo Stock Exchange.

Financial Review

The Chairman and Executive Directors review the monthly financial performance of the company. The review covers profitability, cash flows, budgets and key performance indicators of the Company.

Audit Review

The internal audit function forms an important unit of the company and the internal auditor carries out a program of financial auditing of various functions and processes. Dilmah has a team of ISO trained auditors who carry out regular system audits and report findings to the management. Any non-compliance is discussed and attended to immediately. As required by the certification process, external auditors of ISO and HACCP verify and review the system and procedures of the company and submit their reports.

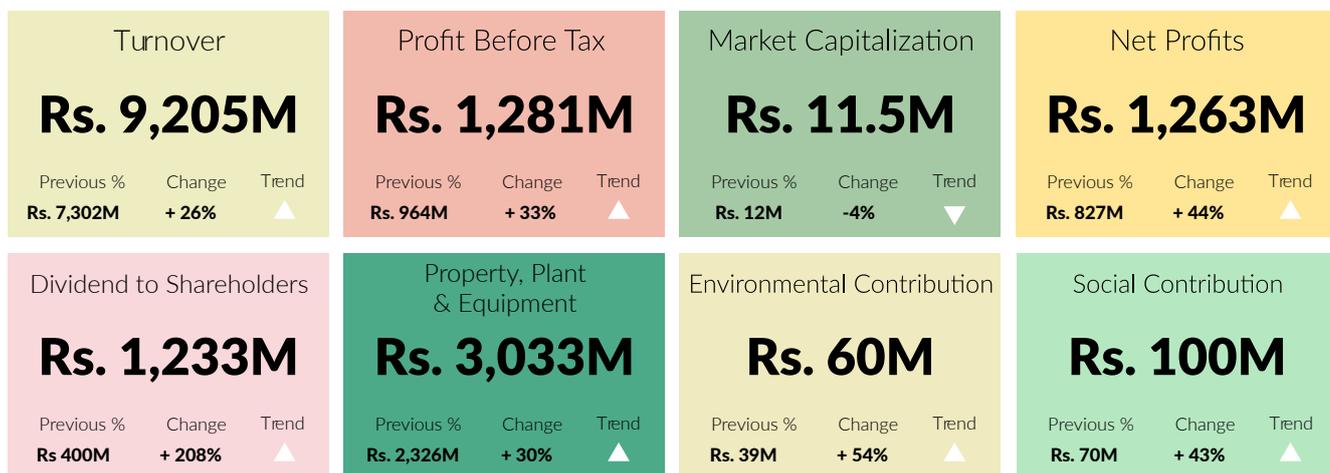
Annual Report

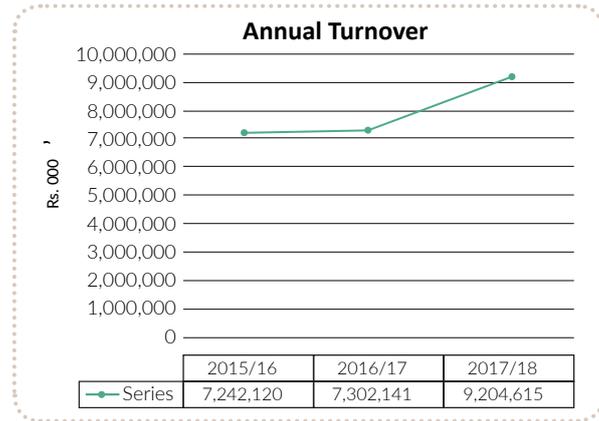
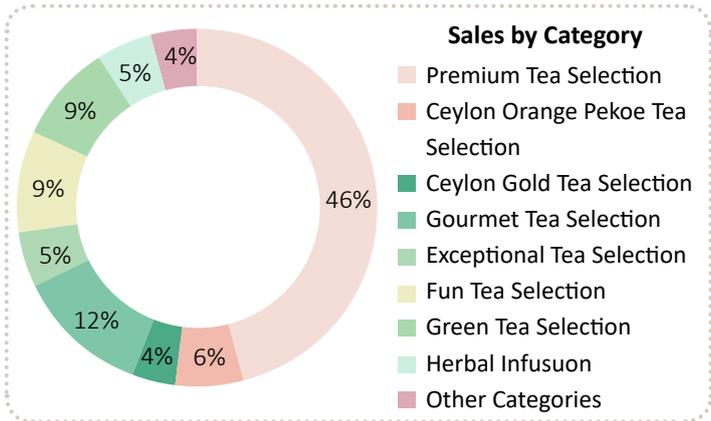
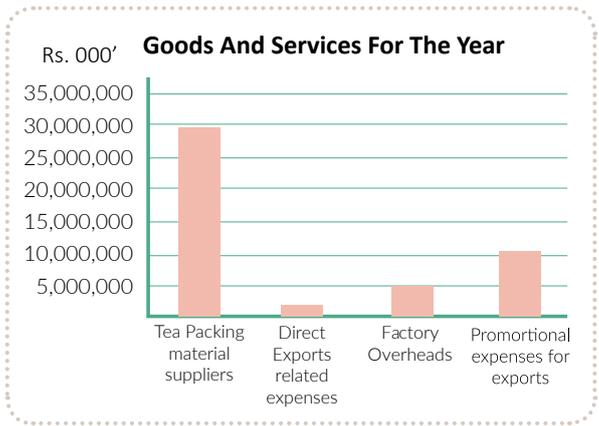
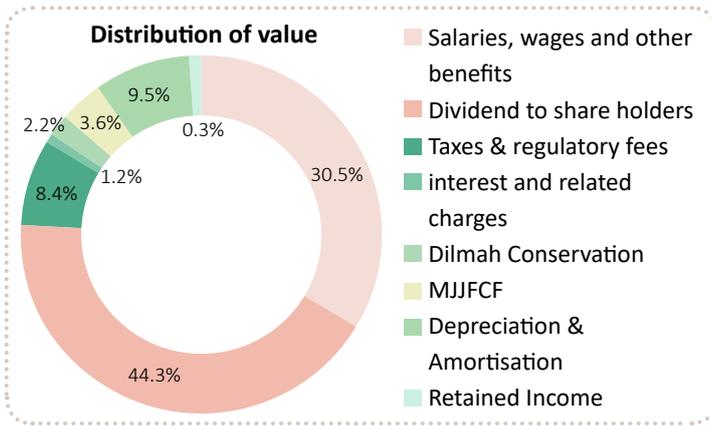
The Company publishes quarterly and annual financial statements, with sufficient details to evaluate Company performance. Published financial statements are prepared in accordance with SLFRS/LKAS and Colombo Stock Exchange disclosure requirements. The Directors ensure that confidential and price sensitive information are not made public until published.

Risk Management & Review

Managing risk is a key aspect in the board's stewardship role. The board's directives are converted into action which follows a risk management framework. The sequence includes; Categorization, Selection, Implementation, Assessment, Authorization, and Monitoring of Risk. The task of reviewing the effectiveness of risk management rests with the audit committee. The risk management process includes all the aspects from deciding risk at the board level to measurements and feedback at the operational level. Internal controls are in place to review the annual sustainability report. These internal systems ensure integrity and the credibility of the report.

3.2 Performance Dashboard





3.3 Financial Performance

Dilmah delivered a strong performance in a relatively conducive financial environment. In the reporting year we produced 5.5 Million kilograms of packaged tea. The company recorded a turnover of Rs. 9,205 Million which was a significant 26% increase from the previous year. The total economic value generated for the year was Rs. 2,786 Million which was a substantial 35% increase from the previous year. The company was able to generate Rs. 1,281 Million profit before tax and a total market capitalization of Rs. 11.51 Million (\$ 73.81M) for the year.

SUMMARY OF PERFORMANCE					
Consolidated For The Year Ended In 31 st March	2017/2018		2016/2017		%
	Rs. 000'	\$ 000' (at 155.9)	Rs. 000'	\$ 000' (at153.64)	Change
Turnover	9,204,616	59,042	7,302,141	47,528	26.1%
Net Profit Before Income Tax	1,280,774	8,218	964,040	6,275	32.9%
Income Tax on Profits	87,841	118	136,680	890	-35.0%
Operating Profit	1,192,933	8,099	827,360	5,385	44.1%
Gross Dividend	933,188	5,986	300,000	1,953	211.1%

Investment over many years has resulted in significant economic contributions to the country and has created direct employment opportunities. In the year ending 31 March 2018, the company generated Rs. 2,786 Million economic value, of which the majority was distributed through the course of our business to our employees, shareholders,

suppliers and governments as well as to local communities through our sustainability initiatives. The balance was retained for expansion and growth of the company which is evident by the expansions that are in progress

During the year, Rs. 100 Million (\$ 0.64M) was contributed to the Merrill J. Fernando Charitable

Foundation in support of its humanitarian efforts and Rs. 60 Million (\$0.38M) was utilized for Dilmah Conservation with the aspiration of safeguarding the environment.

DISTRIBUTION OF VALUE ADDITIONS 2017/2018								
Sector	Component	2017/18			2016/17			Change From previous year
		Rs. 000'	\$ 000' (at155.9)	Percentage Of Value	Rs. 000'	\$ 000' (t 153.64)	Percentage Of Value	
Employees	Salaries, wages and other benefits	850,480	5,455	30.5%	780,855	5,082	37.8%	9%
Providers of Capital	Dividend to Share holders	1,233,348	7,911	44.3%	400,000	2,603	19.4%	208%
Government	Taxes & Regulatory fees	233,487	1,498	8.4%	169,418	1,103	8.2%	38%
Lenders	Interest and related charges	34,417	221	1.2%	19,327	126	0.9%	78%
Environment	Dilmah Conservation	60,127	385	2.2%	39,141	255	1.9%	54%
Community	MJFCF	100,000	641	3.6%	70,000	456	3.4%	43%
Business Expansion And Growth	Depreciation & Amortisation	266,201	1,707	9.5%	184,036	1,198	8.9%	45%
	Retained Income/ (Loss)	8,038	52	0.3%	401,585	2,614	19.5%	-98%
TOTAL		2,786,098	17,870	100%	2,064,362	13,436	100%	35%

A total of Rs. 4,676 Million (\$ 23.17M) was made to our tea and packing suppliers during the year 2017/18 in aspect of goods and services provided. We prize our local value addition as it makes a positive impact on Sri Lanka's economy.

GOODS AND SERVICES FOR THE YEAR				
CATEGORY	2017/2018		2016/2017	
	Rs. 000'	\$ 000' (at 155.9)	Rs. 000'	\$ 000' (at 153.64)
Packing material suppliers	4,675,991	29,994	3,560,155	23,172
Direct exports related expenses	86,363	554	79,743	519
Factory overheads	755,110	4,844	684,715	4,457
Promotional expenses for exports	-	-	1,558,220	10,142
Total goods and services for the year	5,517,464	35,391	5,882,833	38,290

4 BETTER OPERATIONS

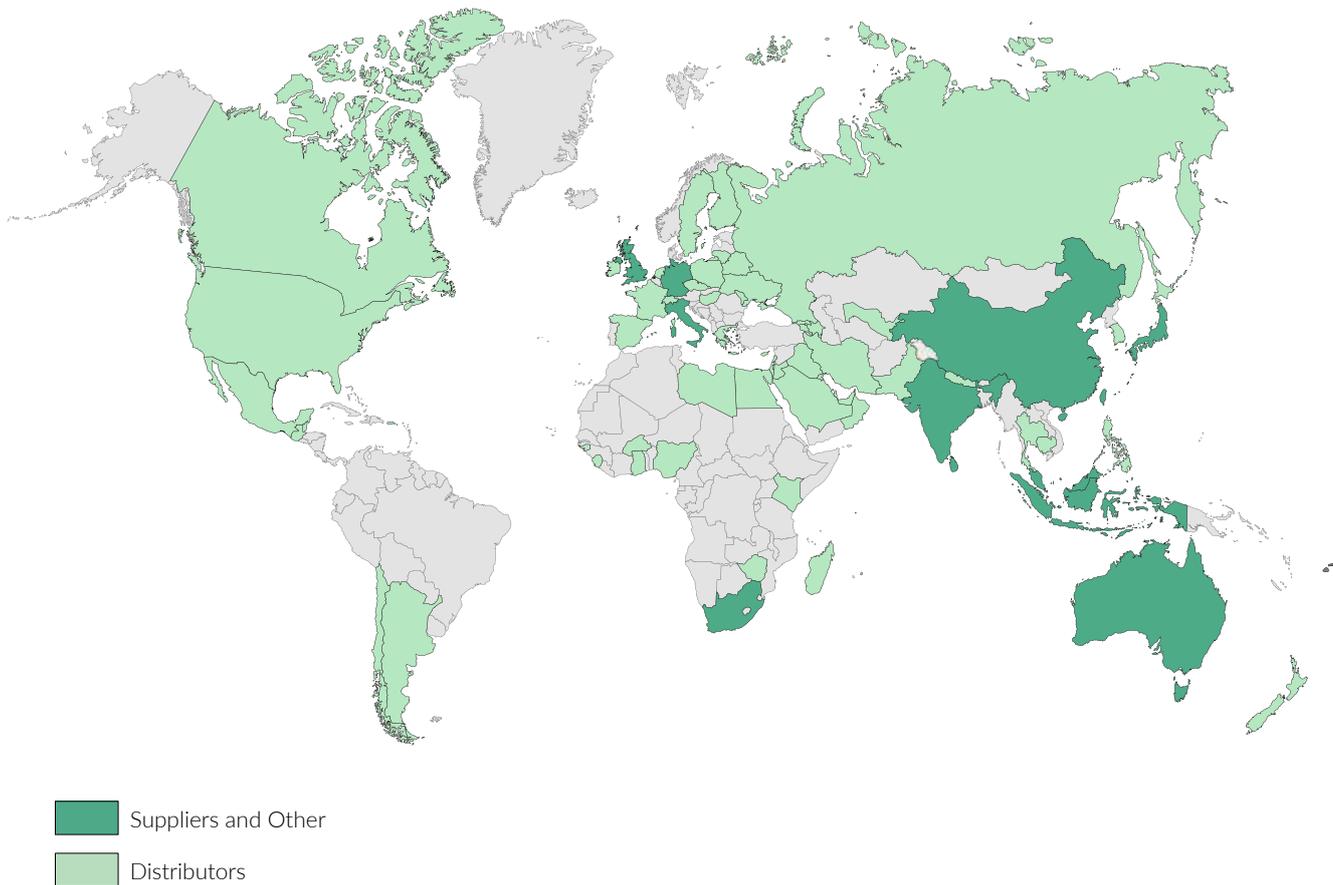
4.1 Tea Journey

There is an amazing story behind our tea. It is a tale that unfolds each day at tea gardens around Sri Lanka, weaving through the lives of the tea pickers, through the communities around our island, through waters and lands worldwide and into a cup of Dilmah Tea.

Tea is carefully handcrafted, nurtured and handpicked; a process that is kinder to leaves and the environment, the leaves are then transformed in to tea through a precise and intricate process, tasted and packaged and transported worldwide. Each stage of our value chain has been perfected to preserve the quality, taste, texture and aroma of tea.



Tea Suppliers	Local	Sri Lanka	1220
	Global	Total	15
Organic Tea Suppliers	Local	Sri Lanka	4
	Global	Total	11
Suppliers - Other	Local	Sri Lanka	72
	Global	Total	104
Distributors	Global	Total	34



Argentina	Distributors	1
Armenia	Distributors	1
Australia	Suppliers- other	1
	Distributors	1
Azerbaijan	Distributors	1
Bahrain	Distributors	2
Baltic States	Distributors	1
Belarus	Distributors	1
Belize	Distributors	1
Brunei	Distributors	1
Burkina Faso	Distributors	1
Cambodia	Distributors	1
Canada	Distributors	2
Chile	Distributors	1
China	Suppliers- other	8
Cyprus	Distributors	1
Czech Republic	Distributors	1
Egypt	Distributors	1
Fiji	Distributors	1
Finland	Distributors	1
France	Distributors	1
Germany	Distributors	1
	Suppliers- other	2
Ghana	Distributors	1
Greece	Distributors	2
Guatemala	Distributors	1
Guinea Bissau	Distributors	1
Hong Kong	Distributors	2
	Suppliers- other	2
Hungary	Distributors	1
India	Suppliers- other	4
	Distributors	1
Indonesia	Suppliers- other	1
	Distributors	1
Iran	Distributors	3
Iraq	Distributors	2
Ireland	Distributors	1
Israel	Distributors	1
Italy	Suppliers- other	1
	Distributors	1
Japan	Distributors	1
	Suppliers- other	2
Jordan	Distributors	1
Kaliningrad	Distributors	1
Kenya	Distributors	1
Korea	Distributors	1
Kuwait	Distributors	1
Lebanon	Distributors	1
Libya	Distributors	1
Lithuania	Distributors	1
Madagascar	Distributors	1
Malaysia	Suppliers- other	1
	Distributors	2

Maldives	Distributors	1
Mauritius	Distributors	1
Mexico	Distributors	1
Moldova	Distributors	1
Nepal	Distributors	1
Netherlands	Distributors	1
	Distributors	2
Nigeria	Distributors	2
Oman	Distributors	3
Pakistan	Distributors	1
Palestine	Distributors	1
Philippines	Distributors	2
Poland	Distributors	1
Qatar	Distributors	2
Russia	Distributors	3
Saudi	Distributors	1
Saudi Arabia	Distributors	2
Seychelles	Distributors	2
Sierra Leone	Distributors	1
Singapore	Suppliers- other	2
	Distributors	5
South Africa	Suppliers- other	2
	Distributors	2
Spain	Distributors	1
Sri Lanka	Suppliers- other	72
Sweden	Distributors	1
Switzerland	Distributors	1
Taiwan	Suppliers- other	4
Taiwan	Distributors	1
Thailand	Distributors	2
UAE	Distributors	4
UK	Distributors	1
	Suppliers- other	2
Ukraine	Distributors	2
USA	Distributors	1
Uzbekistan	Distributors	1
Vietnam	Distributors	1
West Indies	Distributors	1
Zambia	Distributors	1



4.2 Impacts Along The Value Chain

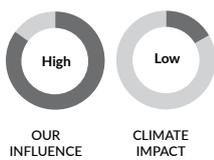
Due to our vast value chain network, our economic, environmental and social impacts are substantial and far reaching. Dilmah continues to develop our understanding of the impact on the environment from our operations, or supply chain, and our products. This allows us to mitigate negative externalities by influencing changes that improve our operations as well as the wider industry.

Supply Chain Management

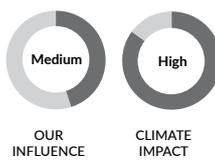
Dilmah’s commitment to making business a matter of human service has meant that we have always sought suppliers with a similar outlook. We expect the same high standards from our suppliers-and their suppliers-that we practice every day with regard to ethics, labor practices, health and safety, and the environment. Economic, Environment and Social parameters are captured in our Supplier Capability Assessment and it is embedded in our supplier selection process. All our suppliers are required to conform to these values and integrate them into their own supply chains. Regular assessments are carried out at the Supplier Development Program for local suppliers on Quality and Food Safety. Dilmah strives to build relationships of trust and carry out fair and equitable procurement activities and protect confidential information and personal information obtained through business transactions.



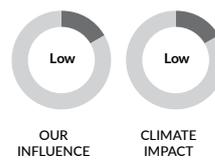
Design



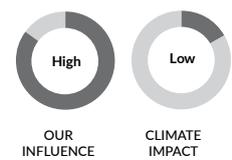
Raw Materials



Tea Production



Tea Packaging



* Climate impacts are based on scope 1,2 and 3 assessment made by Climate SI in 2018, based on 2017/18 data. Footprint analysis is based on a combination of Dilmah data and best available public data sources on CO2 emissions. We are working to further improve the calculations

Distributor Network

We rely on more than 34 dedicated partners worldwide to distribute our products.

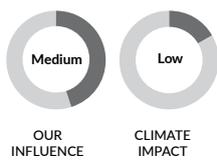
The Dilmah Partners App

Dilmah recently launched an app for partners available on Android, iOS and Windows, which is everything they needed to know about what they sell, in the palm of their hand. The app gives information on all Dilmah Products, the 'Gift of Tea' range and Tea Inspired Concepts.

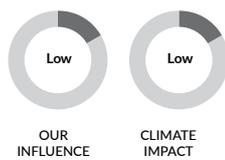
<https://accounts-partner.dilmahtea.com>



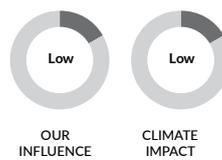
Transport



Sales



Consumption



4.3 Engaging With Our Stakeholders

Our engagement with a multitude of stakeholders reflects the value we place on building strong relationships whilst meeting the standards we have set for ourselves and our stakeholders. We engage with customers on a day-to-

day basis through a variety of channels, both tangible and intangible, while engagement may also be undertaken for a specific purpose. They are largely driven by ethical business interests. Feedback from stakeholders helps

to develop strategies that generate sustainable value. Their expectations and needs, which emerge from the engagement process, help us refine our products and services.

Summary of stakeholder engagement and process of engagement

As a customer centric company, understanding and meeting and exceeding the needs and demands of all customers is at the core of our business	We are closely connected with the communities in our operational areas. Our aim is to contribute to the economic and societal development of the communities around us	An effective distributor network is crucial for having a much greater distribution channel without the need to have a physical presence in each territory and establishing strong relationship with the customers.	Our Employees are the advocates of our brand. We strive to attract and retain the best talent at all levels. We want to inspire our employees to share the same values and enhance engagement in our sustainability efforts	Media plays an important role in providing news and information, broadcasting content and helps shape consumer attitudes towards business. We aim to maintain greater transparency in our commitment to responsible marketing.
How We Engage				
<ul style="list-style-type: none"> ● One-to-one interactions ● Customer Services ● Engage & interact through social media ● Mailers & Newsletters 	<ul style="list-style-type: none"> ● MJFCF community projects/ Events ● Interactions with local authorities ● Through NGO interaction 	<ul style="list-style-type: none"> ● Regional Meetings ● Global Partner Conference ● Sustainability Report ● Conference Calls 	<ul style="list-style-type: none"> ● Open-door policy, encouraging constant feedback ● Individual performance reviews ● Meetings and internal mailers ● Awareness campaigns 	<ul style="list-style-type: none"> ● Media releases ● Engage & interact through social media ● Briefings
<ul style="list-style-type: none"> <li style="margin-right: 10px;">● Daily <li style="margin-right: 10px;">● Quarterly <li style="margin-right: 10px;">● Bi-annual <li style="margin-right: 10px;">● Weekly <li style="margin-right: 10px;">● Annually <li style="margin-right: 10px;">● Need Based <li style="margin-right: 10px;">● Monthly 				
Key Issues & Concerns				
<ul style="list-style-type: none"> ● Product Quality and Food Safety ● Product Affordability ● Compliance with Local & International Standards & Regulations ● Ethical Production 	<ul style="list-style-type: none"> ● Community Investments ● Employment Opportunities ● Environmental Impact ● Community Support 	<ul style="list-style-type: none"> ● Payments ● Sustainability Commitment 	<ul style="list-style-type: none"> ● Remuneration ● Working Conditions ● Job Security & Growth ● Training & Career Progression ● Equal Opportunities 	<ul style="list-style-type: none"> ● Overall Performance ● Regulatory & Legal Compliance ● Sustainability Aspects ● Responsible Corporate Management

Identification and Selection of Stakeholders

The company considers any person or organization that can affect, or be affected, by the organization’s actions, objectives and policies. Identified stakeholders are categorized and prioritized according to the level of influence on the company, representation, dependency, proximity and nature of responsibility. In this context, our primary stakeholders are shareholders, customers, business partners, employees and the society and environment in which we operate, as well as media and advocacy groups, regulators and Government authorities.

Process of Engagement

Different stakeholder groups have diverse interests and varying materiality issues. Stakeholder identification, prioritization and engagement is designed to strengthen our business, improve relationships and create opportunity wherever we operate.

NGOS, IGOS, ACADEMIA, & INDUSTRY	POLICYMAKERS	SHAREHOLDERS	SUPPLIERS
<p>We rely on NGO’s to ensure that we meet standards and to make us aware of any concerns.</p> <p>We seek guidance from academia for expertise</p> <p>We work with other companies to define common responses to shared challenges</p>	<p>Dilmah, our suppliers and distributors are subjected to rules set by policymakers. Maintaining dialogue helps us to stay informed, and when required to help shape, the legal and regulatory context in a responsible manner.</p>	<p>As a public listed company, we are accountable to our shareholders. We share our quarterly and annual financial reports striving for the greatest possible transparency.</p>	<p>Long-term relations are key to mutual growth.</p> <p>Strengthening and enabling their ownership over their sustainability issues is important in enabling long-term sustainable development.</p>
How We Engage			
<ul style="list-style-type: none"> ● Direct dialogue on global or local level ● Through multi-stakeholder initiatives. 	<ul style="list-style-type: none"> ● Statutory Audits ● Meetings with Treasury, TRCSL, BOI, Customs ● Dialogue through intermediaries 	<ul style="list-style-type: none"> ● Annual General Meeting ● Access to interim accounts via CSE portal ● Annual Report 	<ul style="list-style-type: none"> ● Vendor Review ● Regular dialogue & interactions ● Visits to ensure compliance
<p>● Daily ● Quarterly ● Bi-annual</p> <p>● Weekly ● Annually ● Need Based</p> <p>● Monthly</p>			
Key Issues & Concerns			
<ul style="list-style-type: none"> ● Labor Rights & Working Conditions ● Social & Economic Development Contribution ● Waste Management ● Environmental Impact ● SDG Mapping 	<ul style="list-style-type: none"> ● Regulatory & Legal Compliance ● Product Safety & Quality ● Profitability & gGrowth 	<ul style="list-style-type: none"> ● Long-term Profitability ● Sales ● Expansion 	<ul style="list-style-type: none"> ● Price & Profitability ● Credit Period ● Order/Capacity Planning ● Climate Change & Crop Production

4.4 Environmental Management

At Dilmah we monitor and reduce our direct and indirect impacts on the environment by making our operations more efficient, while being fully compliant with all relevant environmental standards and regulations. As we strongly believe conservation is ultimately about people and the future of the human race that in engaging with the environment we strive to:

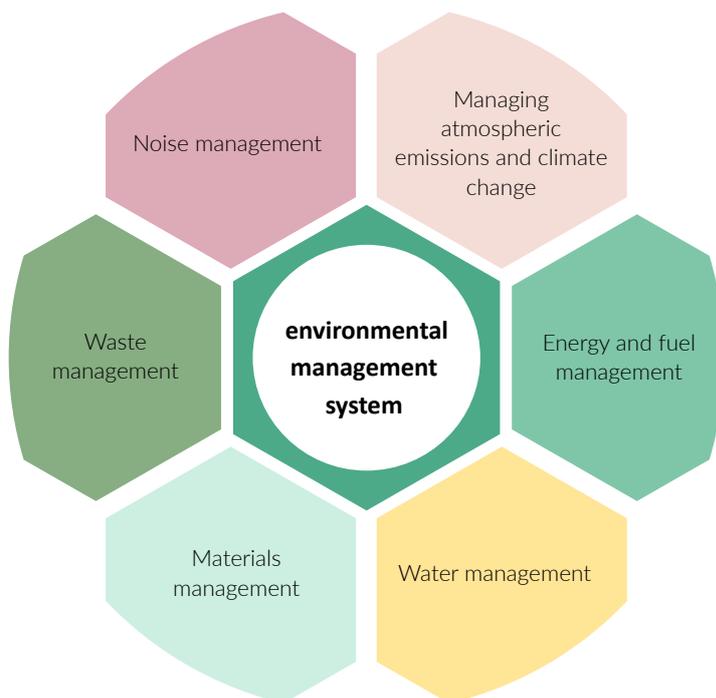
1. Reduce the environmental impact of our operations
2. Replenish, restore and rejuvenate the environment and educate people

Dilmah’s environmental management system (EMS) provides the framework for approaching environmental sustainability. It consists of six elements;

1. Managing atmospheric emissions and climate change
2. Energy and fuel management
3. Water management
4. Materials management
5. Waste management
6. Noise management

Environmental threats and best practices are identified through our stakeholder engagement keeping in mind the obligation to comply with all relevant statutory obligations. Dilmah’s EMS is ISO 14001 (2004) accredited.

Our environment management system is supported by accountable and transparent reporting of our performance. The company has not identified any non-compliance with environmental or health and safety laws and regulations during 2017/18.



4.4.1 Becoming Climate Positive

a. Energy Efficiency

The company's main sources of energy are electricity, solar, and diesel. A majority of the electricity comes from the national grid and 9% and 11% are generated through solar power and diesel respectively.



Energy Use Within Our Operations

ENERGY USE IN GIGA JOULES	2017/2018	2016/2017	2015/2016
Grid Electricity	11,412	10,966	12,267
Solar Power	1,276	1,212	514
Diesel	1,517	1,517	1,517
TOTAL	14,205	13,695	14,298

Dilmah Transport & Warehouse Operations

We work to reduce energy emissions in several ways. We monitor our own energy consumption and ensure that our warehouse operations and logistics are as energy efficient as possible.

TRANSPORT IN LITRES		Diesel	Petrol
Employee commuting	Employee commuting in personal vehicles	22,255	159,206
	Company owned passenger buses and vans	11,824	-
Finish good transport	Company owned delivery vans	2,017	-
	Company owned three wheelers	-	576
	Transporting goods locally	3,433	-
	Transporting goods to harbour	18,899	-
		4,220	-
TOTAL	62,649	159,782	

b. Renewable Energy

Dilmah invested in the largest privately owned solar panel in Sri Lanka by installing a 100 kW solar panel unit in 2013. Another 150 kW solar panel unit was installed in April 2016. We are supporting the transition to fossil-free energy use by enhancing our renewable energy portfolio.

The following table provides information on our energy generation through renewable sources.

SOLAR POWER IN GIGA JOULES	2017/18	2016/17	2015/16
100 kWh	493	514	514
150 kWh	784	698	N/A
TOTAL	1,276	1,212	514

Solar as a Percentage of Total Power Consumption

Month	Percentage
Apr-17	10%
May-17	9%
Jun-17	9%
Jul-17	10%
Aug-17	11%
Sep-17	10%
Oct-17	10%
Nov-17	10%
Dec-17	10%
Jan-18	10%
Feb-18	9%
Mar-18	15%



c. Climate Action

Our Operations

Monitoring of atmospheric emission levels is done annually. Emission levels during the year were well within the limits set down by the Central Environmental Authority (CEA). Dilmah’s activities do not result in the emission of NO₂ or SO₂.

The Greenhouse Gas Protocol developed by World Resources Institute (WRI), World Business Council for Sustainable Development (WBCSD) and ISO 14064 standard (published in 2006) is part of the ISO 14000 series of International Standards for environmental management, has been used to measure and report on the carbon footprint of the organization.

17 emission sources were captured in the calculations. This year our scope 1 calculation contained Refrigerant leakages and scope 3 calculations included waste transported. 2017/18 calculation portrays a more precise figure and opportunity for improvement and enhanced management of emissions in the following year.

According to the Greenhouse Gas Protocol, emissions can be categorized into three groups known as scopes:

Scope 1 emissions: are defined as “direct” emissions the Dilmah has direct control over.

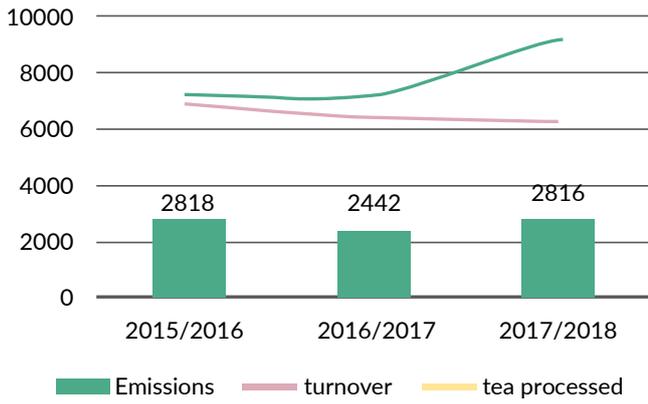
Scope 2 emissions: are defined as “indirect” emissions created from the consumption of purchased electricity. Purchased electricity is defined as electricity that is bought or otherwise brought into the organisational boundary of the company.

Scope 3 emissions: are defined as any emissions that are produced outside of our own operations and that we therefore have indirect control over. This includes our suppliers and the producers of raw materials used in our products as well as emissions from the use of products.

Carbon Emissions from our Operations

Scope	2017/2018 17 Sources	2016/2017 15 Sources	2015/2016 11 Sources	Change from previous year
	tCO ₂	tCO ₂	tCO ₂	
Scope 1	645	665	779	-20
Scope 2	1,801	1,432	1,776	369
Scope 3	370	345	263	25
Total	2,816	2,442	2,818	374

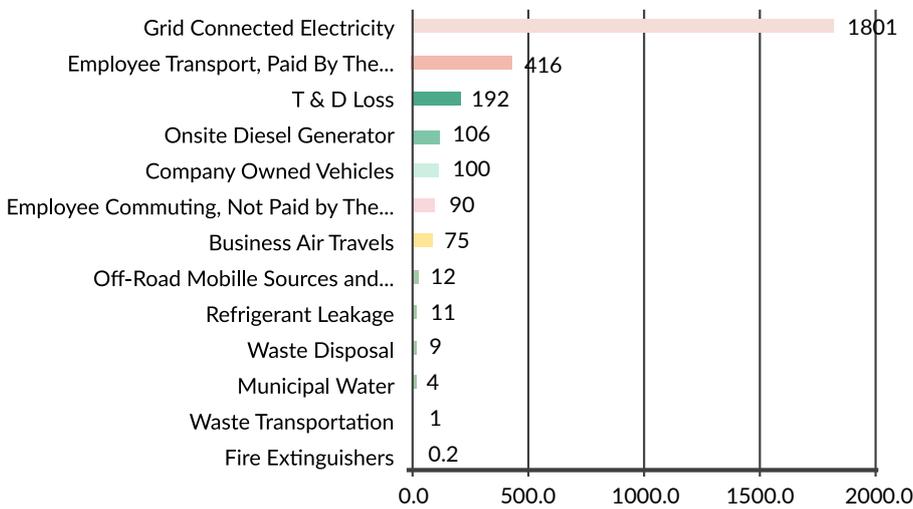
Emission intensity



	2017/18	2016/17	2015/16
tCO2 Per Rs. 1 Million Of Net Turnover	0.31	0.33	0.39
tCO2 Per Tonne Of Tea Produced	0.45	0.38	0.41

2017/18 Carbon Emissions by Category

Emissions due to grid connected electricity 1,801 tCO2e (64%), is the largest emission source, which is followed by employee transport, paid by the company (416 tCO2e, 15%) and transmission and distribution loss (192 tCO2e, 7%)



2017/2018	
Scope 1	Company Owned Delivery Vans
	Company Owned Lorry
	Company Owned Passenger Buses and Vans
	Company Owned Three Wheeler
	Employee Transport, Paid By the Company
	Finished Good Transport via Land-Harbour
	Fire Extinguishers
	Forklifts
	Onsite Diesel Generators
	Refrigerant Leakages
Scope 2	Grid Connected Electricity
Scope 3	Business Air Travels
	Employee commuting, not Paid by the Company
	Municipal Water
	Transmission and Distribution loss
	Waste Disposal

Carbon Neutral Dilmah

Dilmah successfully fulfilled the pledge made in 2014 by founder Merrill J. Fernando, to become a carbon neutral facility by 2017, further strengthening our commitment to reduce our impact on the environment.

Through initiatives such as energy efficiency, ‘Greening Batticaloa’, ‘Biochar Application’ and offsetting mechanisms, We were able to actively reduce their carbon footprint to zero, thus marking a momentous net zero release of carbon into the atmosphere. The shortfall was purchased from UN led CDM (Cleaner Development Mechanism) process. Together, all these steps propelled the company to successfully reach the goal of becoming a Carbon Neutral facility and to receive the Carbon Neutral Certification from the Sri Lanka Climate Fund (SLCF) in accordance with the global greenhouse gas emissions measuring standards.



Dilmah Tea is now packed fresh in a Carbon Neutral facility.

Dilmah’s journey towards becoming a carbon neutral facility began in 2011 following the completion of our first sustainability report carried out by the International Union for the Conservation of Nature (IUCN). This eventually led to a comprehensive analysis of our carbon footprint being carried out by Dilmah Conservation together with the University of

Colombo in 2013, resulting in the development of a Carbon Neutrality Action Plan which focused on four main areas; Energy, Transportation, Water and Waste.

Dilmah Conservation which played an instrumental role in Dilmah’s Carbon Neutral journey has new sustainable initiatives planned for such as the

‘Waste for Life’ – 10% of the waste accumulated at Dilmah Headquarters will be recycled to produce low cost building material, ‘Solar to Staff’ – the executive staff will be provided solar power through the installation of solar panels at their private residences through which we aim to gain carbon credit

Greening Batticaloa

Since commencing in 2010, 730,000 cashew plants have since been distributed to selected families and planted in the Batticaloa District, marking the half way point of the initiative. The 500,000th plant was planted by Dilmah founder, Merrill J. Fernando in a ceremony held on the 3rd of February 2017 in Batticaloa.

The main objective of the project is to improve the forest cover in the Batticaloa region to restore the environment to a sustainable ecosystem. This will improve the climatic conditions in terms of reducing the soaring temperatures experienced throughout the year.

It has estimated that with an average of 1 cashew tree yielding 1 kg of cashew nuts, the initiative is projected to inject Rs. 1 Billion each year into the Eastern Economy, empowering these local communities economically and in turn improving their livelihood.

Bio Char Operations

Activities pertaining to the conversion of waste tea into biochar have been continued over 2017/18. Large-scale biochar applications were completed in several Dilmah plantations, which have yielded extremely positive results for productivity; in Rilhena Estate and subsequently in Kahawatte Plantations. At present, research is being conducted at the Endana Estate. The research conducted expects to evaluate the potential usage of biochar as a multi-beneficial soil amendment, so as to be incorporated in tea fields to increase yield and quality of tea.

The action of using plant matter to produce biochar also has the potential benefit of being used as a method of carbon sequestration, which contributed to offsetting the company’s carbon emissions.



Centre for Climate Change Research and Adaptation (CCCRA)

Sri Lanka, being an island nation, is particularly susceptible to climate change, which was made clear by the severe climatic conditions experienced in the past years. These include rises in sea level, more frequent occurrences of droughts and floods, increases in rainfall intensity and landslides, higher temperatures, increased frequency of pest outbreaks and disease occurrence and the impact to the natural balance of ecosystems and plant and animal habitats. Essential industries and livelihoods such as the agriculture, plantation and fishery sectors have also felt these effects causing changes in yields and overall productivity.

In light of these escalating climatic threats, the need for improving the space and capacity to facilitate local field research in both direct and indirect impacts of climate change in Sri Lanka has never been more crucial. Further, the dearth of scientific research that has been conducted in Sri Lanka hinders efforts of facilitating adaptation and mitigation strategies that have already been developed around the world. Therefore, the establishment of the Climate Change Research Station will help provide a broader understanding of climate change and help address the possible challenges that we may face along

with solution strategies.

Localized research will help provide information on the patterns of climate change and will be extremely useful to predict its impacts on tea plantations, particularly at higher elevations, where the impact of climate change is expected to be the most severe. This could help equip Sri Lanka’s tea industry and other such sectors with the necessary information needed to formulate and implement adaption measures to such changes.

Dilmah’s Centre for Climate Change Research and Adaptation is established within our Queensberry Estate in Nawalapitiya, at an elevation of 1,645m above sea level is Sri Lanka’s first research station which will solely focus on climate change.



Project Partners

Department of Zoology -University of Colombo: Researchers from the University utilize the station for their research during different periods of the year, and they will continuously contribute to the management of the facility.

- University of Peradeniya – Department of Geography and Department of Agriculture
- FECT(Foundation for Environment, Climate and Technology)
- Sri Lanka Meteorology Department
- University of Colombo- Faculty of Science



4.4.2 Material Management

Materials management plays a significant role in the organization and operational efficiency of a supply chain. The supply of quality of materials is essential for manufacturing standard products. The avoidance of material wastage helps in controlling the cost of our production.

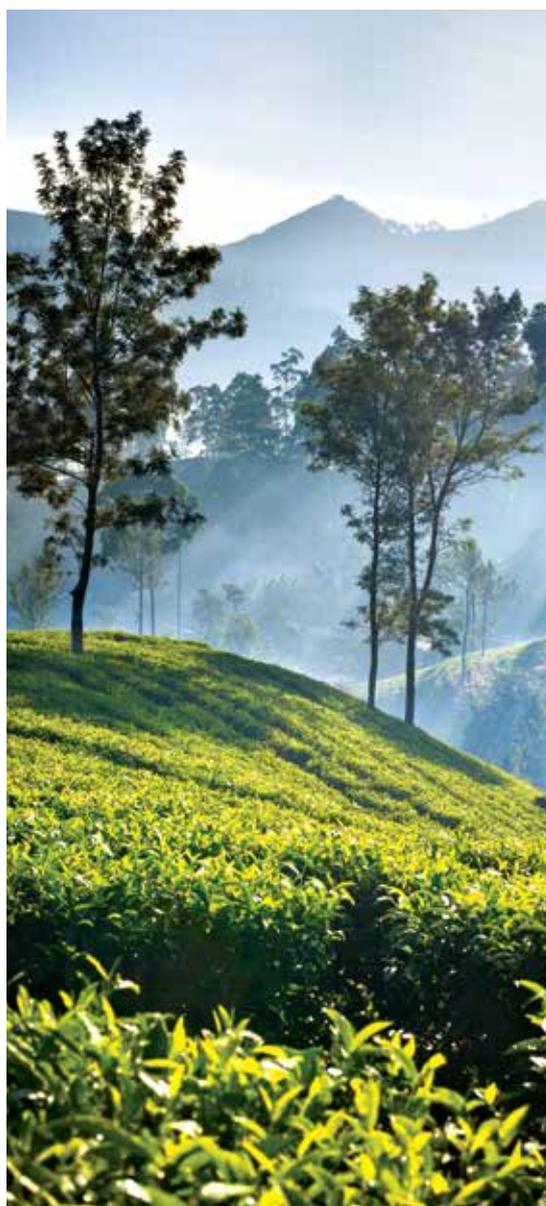


Effective material management involves planning, organizing, and controlling all activities principally concerned with the flow of materials into an organization. Our approach to material management focuses on six functions;

- Material planning and production scheduling
- Purchasing material that meet stringent quality standards
- Transporting of materials from suppliers
- Material receiving including unloading of materials, ensuring type and quantities are in conformity to purchasing requirements and determining their quality
- Material handling in factory

Materials used in our supply chain activities

MATERIALS USED IN OUR SUPPLY CHAIN ACTIVITIES		
Material	Unit	Quantity
<i>Main Raw Material</i>		
Tea	tonnes	6,275
<i>Other Materials</i>		
Adhesive Paper Strip	tonnes	8
	nos	313
Aluminium Wire	tonnes	4
Cardboard	nos	65,156,071
Foil	REL	6,279
Glue	tonnes	3
	nos	3,283
Ink	tonnes	0.02
	km	2
Paper	nos	2,071,668,985
	tonnes	2,518
Plastic	km	12
	nos	950
Polythene	REL	2,228
	nos	13,158,318
	tonnes	46
	km	15
	km	44,600
Rubber	tonnes	0.05
Sticker	nos	16,679,382
Thread	tonnes	1,316
Tin Caddy	nos	12,254,190
Washing Liquid	nos	91
Wooden	nos	58,179



4.4.3 Waste Management

Our waste management currently focuses on three categories: packaging waste, production waste & general waste. We constantly aim to reuse or recycle both types of waste with zero going to landfill. We are continuously working to increase the number of our products that are reused or recycled.

Dilmah ensures best practicable environmental option for each waste stream while maintaining safe and legal disposal of waste and records of waste details and payment information. Total wastage for the reporting year is 420,227kg.

Waste is segregated at source into hazardous and nonhazardous. Dilmah operates a system of segregation for nonhazardous solid waste, separating it according to organic material, paper, polythene and plastic.

In addition to bins placed in individual workstations, colour coded bins are placed in the production floor and dining area to facilitate segregation of waste at source according to their nature. In line with the waste management hierarchy of reduce, reuse, recycle, energy recovery and treatment and disposal,



environmentally accepted waste management mechanisms were adopted for each waste component. This process eradicates waste and reduces overall greenhouse gas emissions otherwise released by incineration, decomposition or degradation in dumps or landfill.

Waste by type and disposal

Material	Disposal method	Weight (kg)	%
Cardboard	Recycle	114,499	27%
E-Waste	Recycle	319	0.08%
Food Waste	Animal Feed	18,878	4%
Medical & Microbial Waste	Incineration	71	0.02%
Metal	Recycle	1,319	0.31%
Paper	Recycle	80,168	19%
Plastic	Recycle	358	0.09%
Polythene	Energy Recovery	71,032	17%
Sanitary	Incineration	318	0.08%
Tea Waste	Re-process/Biochar	109,939	26%
Wood	Re-use	23,326	6%
Total Wastage		420,227	
Total Re-used		23,326	5.5%
Total Recycled/Re-processed		306,602	73%

Tea waste as a percentage of bought leaf

	Weight (kg)	Percentage
Tea (Bought Leaf)	6,274,815	100%
Tea Waste (Re-processed)	109,939	1.75%



Plastic Recycling Centre

As Dilmah strives to reduce its plastic footprint and become more sustainable, on 24th March 2018, it inaugurated "Dilmah Recycling", a facility that will convert a significant portion of Dilmah's tea packaging waste materials into reusable items. The centre aims to achieve a 10% successful upcycling conversion of Dilmah's waste packaging material

Waste income and expenditure

Material	LKR	USD (at 155.9)
Paper Waste	1,960,328	12,574.27
Metal Waste	11,992	77
Plastic	15,200	97
Polythene	(520,263)	(3,337)
Wood	203,770	1,307
Cardboard	1,836,769	11,782
E-waste CPU parts	9,300	(60)
E-waste other	(10,260)	(66)
Sanitary	244,284	1,567
Total Income	4,037,359	25,897
Total Expenditure	(774,807)	(4,970)

Dilmah generated a revenue of approximately Rs. 4 Million (\$25,897) from waste sales and incurred an expenditure of Rs. 0.77 Million (\$4,970) on waste disposal.

4.4.4 Water Stewardship

Dilmah's water stewardship strategy takes an integrated approach to managing our water footprint.

1. Water Awareness: Building water awareness at our factories and amongst our customers to ensure high level understanding of the global water challenges and their dependence on freshwater.
2. Knowledge of Impact: Measuring water impact and risk within our

stores, warehouses and suppliers' factories.

3. Internal Action: Improving the use of water within our operations
4. Stakeholder Engagement: Increased focus on collective action with other companies, governments and NGOs & IGO's in multi-stakeholder platforms to address water issues in specific focus regions.

Water is primarily used for cleaning, drinking and employee sanitary functions. The core operation of Dilmah, which is blending and packaging of tea does not require water.

The total water consumption in the reporting year was 19,002 m³, which is a 9% decrease from the previous year.

Water consumption in cubic metres

Location	2017/18 (m ³)	2016/17 (m ³)
Main Building	6,542	241,575
Warehouse	8,150	243,600
Cafeteria 1	673	914
Cafeteria 2	3,637	3,572
Total	19,002	20,139

Wastewater Management

Periodic waste water analysis is conducted to ensure that waste water treatment is effective and within stipulated legal limits. Waste water passes through oil separators and the pH level is verified, before being released. Dilmah commissions an independent third party to perform random checks to ensure

that the waste water released is within the legal limits stipulated by the CEA. Last year's random checks established no transgression of these limits. pH and chlorine levels are daily monitored. Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD) and total suspended solids are monitored quarterly by an

independent third party. All water samples were found to be well below stipulated tolerance levels in the past year.

4.4.5 Noise & Dust Management

Noise emissions from all of the company's facilities are strictly controlled to minimize discomfort to those in the vicinity. The company complies scrupulously with all legal requirements with regard to noise emissions.

We follow a 3 step process for noise and dust management;

- Routine Testing
- Identifying Issues
- Addressing, Evaluating Periodically

The following components are periodically monitored by a competent external party in accordance with ILO guidelines;

- Occupational Hygiene Monitoring : heat Stress & relative humidity, dust levels, sound levels, noise measurement, Illumination levels
- Boundary Noise Measurement
- Flu Gas measurements

4.5 Industry Collaborations

The Sri Lanka Business and Biodiversity Platform (SLBBP) was established in August 2012 by its Initiating Partners – the CCC, Dilmah Conservation (DC) and the International Union for Conservation of Nature and Natural Resources (IUCN).



Biodiversity Sri Lanka (BSL) is a national platform entirely owned and driven by the private sector, established to promote strong engagement of the corporate sector in biodiversity and environmental conservation in Sri Lanka. BSL’s overall mandate is to help raise awareness on biodiversity and sustainability issues amongst the Sri Lankan business community. Working to assist companies in understanding biodiversity and related issues, as well as to mainstream it into their core businesses, BSL has the ultimate aim of ensuring that a majority of Sri Lankan companies will eventually be on a sustainable ecological footing with vastly reduced negative impacts on our biodiversity. For more information please refer;

<https://biodiversitysrilanka.org/>

Objectives

- To add economic value to biodiversity conservation and integrate it into the core business of companies.
- To promote national cooperation and the exchange of ideas and information relating to biodiversity conservation
- To strengthen and increase the involvement of the private sector in biodiversity conservation

Membership Expansion

BSL opened a Tier II General Membership category for Small and Medium Scale Entrepreneurs, recognizing the importance of addressing biodiversity issues in the all-important SME Sector.



Membership

Patron Members	32
General Members	34
Associate Member	1
SME Member	1

Resource Efficiency Pledge

BSL launched its Resource Efficiency Pledge which recognizes that resource efficiency is a crucial element of a growing and sustainable economy. Members of Biodiversity Sri Lanka pledge to make resource efficiency a priority in their businesses and reduce waste generated through their operations to a minimal or zero level.

Engagement: 21 Companies

Cave Biodiversity

By raising awareness of these values and building capacity for conservation of cave biodiversity, the project will directly contribute to improved food security and sustainable economy in the country.

The project will complete rapid surveys of all famous dark caves and Determine species richness in each cave, and construct food-chains and food-webs for each cave, The assessment aims to Identify and characterize key sites for conservation in terms of their biological, economic and cultural values and determine threats to these sites by establishing their associated human-cave interactions.

Life Project

In partnership with the Forest Department, IUCN Sri Lanka and selected private sector partners, Life’ project was launched with the commitments from 8 companies.

This pilot project has been designed based on scientific principles for ecological restoration of Biodiversity and a robust monitoring system to track the progress made on ecological and biological indicators

4.6 Biodiversity Conservation

One Earth Urban Arboretum

The One Earth Urban Arboretum designed and established by Dilmah houses 500 different types of flora, as well as, a model irrigation tank (reservoir), a paddy field, and a traditional agriculture and household resource center at the Dilmah Conservation Sustainable Agriculture and Research Center (DCSARC) in Moratuwa, Sri Lanka. Through this tangible depiction of natural forests and of Sri Lankan agriculture in the immediate past, Dilmah Conservation aims to educate and inform urban populations, as well as the younger generation, on the value of trees to our society, environment and our future existence.

Number of visitors in 2017/18: 1,607

Goals in Action



Hunuwela Biodiversity Conservation

The Hunuwela estate is home to two nationally and globally threatened species of dragonflies Rivulet tiger- Gomphida pearsoni and Wijaya’s scissortail- Micorgomphus wijaya

As an immediate means to conserve these two globally threatened invertebrate, were carried out in partnership with IUCN.





5 BETTER LIVES

5.1 Valued Employees

The human element is our most important business resource. The impact that human capital has on business depends largely on its skills, levels of motivation and level of engagement with the company. To amplify the impact of human capital, we have focused on creating a high performance culture with improved levels of engagement.

Dilmah’s approach to building employee capital is guided by three areas;

1. Employee Health & Safety
2. Capacity Development & Performance Management
3. Employee Satisfaction

Understanding employee needs and aspirations, and ensuring transparency in our dealings with employees,

are fundamental to maximizing the potential of human resources. The Company has multiple initiatives in place to improve employee engagement, attract, develop and retain talent, and thereby building the capacity and quality of our human capital. We will continue to improve these initiatives and their effectiveness. In 2017/18 significant effort will be made to further facilitate talent development, improve employee engagement and enhance workplace health & safety.

Strong relationships between workers and management and effective interactions and negotiations on factory, industry and country level, promote good working conditions and better wages. Good labour relations



also support stability and performance in our production markets.

Dilmah’s Code of Business Ethics, drafted with input from guidelines of best practice provides the overarching framework for how we do business. The Code of Ethics contains detailed guidelines on how employees should conduct themselves and engagements with colleagues and engagements with public institutions, business partners and external stakeholders.



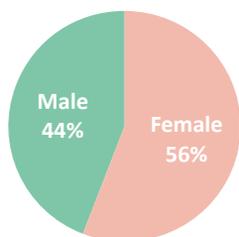
5.1.1 Employee Diversity

As at 31st March 2018 the Dilmah Family consists of over 842 employees, an increase of 16% over the previous year’s figure of 726. The gender ratio at the year-end was 2:3, similar to the previous year. 674 permanent staff and 168 contract staff were employed in the company as at 31st March 2018. Our core strength lies in our ability to support diversity and inclusion by creating opportunities for our employees from all parts of the country and from different social strata.

Employees by Description, Gender and Age

Description	Gender	Age					Total
		=<20	21-30	31-40	41-50	51>	
Directors	F	-	-	-	-	-	-
	M	-	-	-	1	3	4
	Total	-	-	-	1	3	4
Senior Management	F	-	-	-	2	1	3
	M	-	-	-	3	5	8
	Total	-	-	-	5	6	11
Middle Management	F	-	1	2	1	3	7
	M	-	-	10	8	3	21
	Total	-	1	12	9	6	28
	F	-	1	9	2	1	13
	M	-	3	14	6	3	26
	Total	-	4	23	8	4	39
Executives	F	-	8	5	-	3	16
	M	-	3	5	3	2	13
	Total	-	11	10	3	5	29
	F	-	19	6	8	2	35
	M	-	9	2	3	3	17
	Total	-	28	8	11	5	52
Clerical & Allied Staff	F	7	124	46	42	13	232
	M	6	70	51	35	22	184
	Total	13	194	97	77	35	416
Production Staff (Permanent)	F	-	14	6	7	2	29
	M	2	15	23	15	11	66
	Total	2	29	29	22	13	95
Production Staff (Contract)	F	36	63	22	15	4	140
	M	12	6	5	2	3	28
	Total	48	69	27	17	7	168
Total		63	336	206	151	83	842

Overall Gender Representation



Category-wise Gender Representation



Our success is driven by passionate people. We are committed to creating a high-performance culture with improved levels of engagement and environmental awareness. In the present operating environment, attracting and retaining the right talent is a persistent challenge. In response to this, we brand the Company positively as an employer of first choice. Working at Dilmah means working in an inspiring, exciting environment with career opportunities. The company encourages the organic growth of its human resources and provides training for our employees to grow and enhance their careers. Our talent acquisition process is transparent and unbiased and we aim to attract and retain the best by providing them with opportunities to grow as individuals and members of the Dilmah Family.

Aspect	Measure	2017/18
Employee attrition ratio	Employee monthly turnover as a %	5%
Gender Distribution	Female employees as a percentage of total employees	56%
Age distribution	Percentage of employees below 40 years of age	72%
Knowledge and skills development	Average training hours per employee	8

The company has multiple initiatives in place to improve employee engagement, attract, develop and retain talent, and thereby building the capacity and quality of our human capital. We will continue to improve these initiatives and their effectiveness. In 2018/19 significant effort will be made to further facilitate talent development, improve employee engagement and enhance workplace health & safety.

5.1.2 Development & Performance Management

Performance management takes place through the company's online performance appraisal system. Employees are required to be appraised twice a year and the appraisal includes the achievement of objectives, a review of competencies and employee self- development.

Aspect	Categories	2017/18
Employees Subjected to Quarterly Reviews	Middle Management, Executives	148
Employees Subjected to Annual Review	Clerical & Allied, Production	679
Total Number of Staff Subjected to Reviews		827

5.1.3 Enhancing Safety

Building trust with customers has meant offering products with the highest levels of safety. Dilmah takes every step to ensure that our products are of the highest quality and in conformance with industry standards of health and safety.

In order to accomplish our goals regarding customer comfort, health and safety and wellbeing, the organizations ISO 9001:2008 accredited Quality Management System is applied throughout the organization and managed by Quality Assurance Department. Our policy of partnering with reputed suppliers who use stringent quality standards and product testing has ensured customer health and safety over the years.

The company ensures that workspaces are safe and that the health and the safety of employees are protected at all times. All workplace injuries are reported to the HR division. Where an injury occurs, the cause for the injury is ascertained and corrective actions will be implemented.

To ensure our operations meet health and safety standards annual monitoring of the following parameters is carried out through the National Institute of Occupational Safety & Health

- Boundary Dust Level Monitoring
- Boundary Noise Level Monitoring
- Occupational Hygiene Monitoring

H&S Training And Awareness

Specialized training and awareness programs were offered to all production staff who have a higher susceptibility to workplace accidents in 2017/18. Multiple sessions were conducted for each listed program.

- Awareness session on food safety/ pest control – these sessions were conducted by the QA department in order to create awareness on the respective personal hygiene
- Communicable diseases – these sessions are routinely conducted by the company nurse for all factory staff
- Health & Safety Tool Box; the safety toolbox sessions were

conducted by the Operational Excellence Managers and address different aspects of safety in a factory environment

- Health and Safety Tool Box personal ownership for health & safety
- Basic Knowledge about First Aid-Personal Hygiene, communicable diseases and accident prevention
- Health and Safety Tool Box Incident reporting (Role of Workers and Supervisors)
- Slip, Trip and Fall Prevention
- Managing fatigue at workplace
- Cell Phone distraction
- Basic First Aid Training – Sessions conducted internally and through Red Cross
- BRC Requirements- Quality & food safety policy, food safety, personal hygiene, staff facilities,etc – conducted by the QA department to create awareness on compliance or BRC requirements
- Five Senses Safety

The total major workplace accidents reported in 2017/18 are 10, out of which hospitalization was required for 5.



5.1.4 Welfare Programs

The Company extends a range of benefits for the welfare of employees:

- Evening Snack for Factory workers & other designated employees
- Staff Transport on designated routes
- Outdoor Medical Scheme for specified employee categories
- Indoor Medical Scheme for specified employee categories
- Monthly Tea Quota
- Staff Tea Sales
- Death Donation Scheme
- Thrift Society (for Non- Executives)
- MJF Housing Development Society
- Staff Children’s Christmas Party
- Staff Get-together
- Workers Get-together
- Long Service Awards
- Company Hostel Facility for Female Workers

Other benefits offered by the MJF Charitable Foundation to employees :

- MJFCF Welfare Loan Scheme
- Donation of School Books and Uniforms
- Monthly Food Subsidy
- Education Scholarships for Children of Staff



Health care

All permanent executives and above inclusive of spouse and children below 18 years of age are eligible to claim for health care, and dental in the event of hospitalization

Loan schemes

Permanent employees with 5 years of service are eligible for loans for the following categories; Education Assistance, Housing, Funeral Assistance, Celebrations, Medical, Emergency and self-employment.

Dormitory facilities

Dormitory facilities are provided for all female staff. The new dormitory was inaugurated in 2016/17 and provides accommodation for 69 employees at present.

Maternity leave

All female employees are eligible for approximately 3 months of maternity leave.

Death donation

In the event of a death in the family; spouse, parents and children upto 21 years of age, all confirmed employees will be eligible for the specified donation.

5.2 Social Empowerment

Management Approach

At Dilmah we strive to maximize the impact our operations have on society and to help communities grow. We grow our impact by building value across the stakeholder spectrum and by investing in community livelihood and empowerment. Sustainable business requires us to read and understand community expectations and to adapt our business strategy to meet those expectations. We help communities grow by constantly engaging with them and feeding their views into

our business plans. Sustainability also requires us to minimize any possible harm our activities have on society and we have put in place a variety of processes to constantly monitor the impact our activities have. We ensure that our business practices are ethical and in strict compliance with all legal requirements. In some cases our practices may exceed the norms contained in law and regulation. Our brand value is linked to the way we exercise our responsibility as a leading corporate citizen. By acting responsibly

and discharging our obligations as a corporate citizen we strive to enhance the Dilmah brand.

The company has not identified any non-compliance with social laws and regulations during 2017/18.

Corporate Social Strategy 2020

The year commenced with an alignment of the MJF Charitable Foundation (MJFCF) programming to a new strategic approach to contribute towards the achievement of Sri Lanka’s Sustainable Developmental Goals (SDGs). The Foundation’s initiatives will support this objective through the promotion of community driven projects, with a 3 year target to change the lives of over 18,000 women, men, girls and boys, leading to increased equity, economic prosperity and dignified empowerment for all.

Foundation Strategy 2020	SO 1.0 Vulnerable Women and Men Provide for Themselves and Their Families in a Sustainable Manner	1.1 Women are Protected and Self Sufficient with Better life Chances 1.2 Women and Men have access, knowledge, skills and investment to increase their standard of living 2.2 Youth Are Provided with Life Changing Opportunities to Prepare Them for Adulthood
	SO 2.0 All Boys and Girls are Given a Chance to Dream and have an Opportunity to Achieve Them	2.1 Children are nurtured and have the means of exploring their skills and interests 2.3 Children with Special Needs are Supported Nurtured and Better Integrated into Society
	SO 3.0 National Infrastructure and Policy Supports Access and Equity for All	3.1 Enhanced Rural and Urban Infrastructure and Value Chain Mechanisms 3.2 Ongoing Contributions to National Policy Promote Economic and Social Growth and Address the Needs of Vulnerable and Marginalised Populations 3.3 Mainstreaming of Resources to Support the Differently Abled
Women, Men, Girls and Boys Control Their Own Future and Give Back to Their Communities		

Project locations and detailed information are captured in the next sections of the report. Jobs created through programmes include either full time or part time or casual.

MJF Charitable Foundation Project locations

Anuradhapura

- Prison reform and reintergration programme

Ampara

- Small Entrepreneur Programme (SEP)

Colombo

- MJF Kids Programme – Peliyagoda & Maligawatte
- Prison reform and reintergration programme
- National Centre for Children with Cerebral Palsy and Developmental Disorders (NCCCPD)

Jaffna

- Small Entrepreneurship Programme (SEP)
- Kayts Base Hospital
- MJF Kids
- Delft Island Conservation

Negombo

- Pallansena Small Entrepreneur Programme
- Home for the elders

Monaragala

- Small Entrepreneurship Programme (SEP)
- Supporting the school of Hearing and Visual impaired
- Diriya centre for vocational training
- Empowering orange plantation workers in Pahalalanda

Moratuwa

- MJF Kids
- Rainbow Centre for special needs children
- Curtiss Cente for Design
- Cricket Live
- Empower Culinary and Hospitality School
- Women’s Development Programme (WDP)
- Swashakthi Bakery and Tea Room
- Youth Programs

Ratnapura

- Livelihood assistance to communities
- The School of Inspiration



Programmes in Estates

- Water and hygiene awareness projects
- Educational scholarships and support for primary education
- Child Development Centres
- Nutritional improvement programmes
- Establishment of Medical Centres
- Special education for students IT centre
- Eye-care programmes
- Permanent housing for staff
- Entrepreneurship programme
- Women’s empowerment in estates

5.2.1 Empowerment, Development & Engagement

Empowering people has a multiplier effect, and helps steer economic growth and development in a country. Education is an essential tool for achieving the Sustainable Development Goal 5: achieving gender equality and empower all women and girls. Dilmah contributes to SDG goals 3, 5, 8, 10 and 17 by decreasing gender disparities in educational and economic spheres and elevating men and women to not only strengthen their families but also communities.



a. Women’s Empowerment

Women’s Development Program

Women’s Development Program was developed to challenge stereotypes, educate young girls and inspire other women to develop their own businesses. The program provides skill development and training to promote entrepreneurship to facilitate women from marginalized communities and those who have children with disabilities a chance to embark on a livelihood on their own and to avoid and bypass the cycle of poverty and disability.

The program aims for holistic development and empowerment of women, their families and the community. This initiative also focuses on capacity building and educating women on individual and community development, including finances, sexual and reproductive health, domesticity, mental and physical health and child development etc.

Swashakthi Women’s Cooperative

A cooperative of women who are part of catering and supplying food for orders came together and form a cooperative in 2017. The cooperative supplies bakery items and food items for personal orders, events of MJFCF and Dilmah head office and externally.

Vocational Training

Vocational training was provided for young girls with disabilities who are above 18 years and girls who are experiencing psychosocial breakdowns (depression, stress, trauma etc). This program contains sewing, handicrafts, cookery, dancing, music, puppetry, yoga, physical trainings, computer and reading.

Program for Elders

Workshops were carried out for women who are above 50 years. Programmes included sewing, handicraft, music and field trips.



Direct Impact : 10 swashakthi
200 WDP



Jobs Created : 10 Facilitators





Shriyani Priyadarshani – a mother of three school going kids was able to purchase a piece of gold, on her own, for the very first time in her life, with the money she earned working in the Dilmah paper bag upcycling project in Udawalawe.



Chamali Fernando

The homemaker Chamali is happy that the small income generation activities she started with the training received from the WDP programme are beginning to take off. At the culinary kitchen, Chamali was trained to make spices while the sewing class helped her polish her inborn talents of dress making, she says.

With the guidance received, she started her own spice business. For now, she sells her products mostly to those within her network – the staff and parents of the Moratuwa MJF Centre and her neighbours. Chamali is also a talented seamstress. She undertakes sewing orders from those at the Moratuwa Centre.

The paper bag upcycling project designs and develops eco-friendly paper bags for Dilmah t-Lounges using bulk tea bags. At the inception, around 15 village housewives who could dedicate a few hours from their daily routine to bulk bag manufacturing, were identified and trained. They were provided the resources and raw material - bulk tea bags, tools, etc., to manufacture the products, based on the orders they get.

Dilmah’s cloth bag manufacturing project is also generating a steady income for around 36 females. In addition to the cloth bag, the community here receives standard orders to stitch garments on a regular basis from outside markets.

International Women’s Day

On International Women’s Day 2018, the ladies of Dilmah were welcomed with confectioneries and a plant of their choice. The day proceeded with a range of activities from sexual reproductive health awareness and legal services, to fun photo booths, henna drawings and a giant puppet show for all members of staff.



b. Transforming The East

MJF Centre for Dignified and Sustainable Empowerment East – Kalkudah

The Foundation also embarked on an ambitious initiative to complete the construction of its 130,008 Sq. Ft. facility of the MJF Centre East in Kalkudah.

The MJF Centre in Kalkudah will be a replication of MJF Centre at Moratuwa and will consist of;

- A Rainbow Centre for children with disabilities
- MJF kids programme
- Vocational training facilities

appropriate to the Eastern province, such as carpentry, masonry, culinary and hospitality, IT and graphics, arts and crafts

- Dilmah Conservation’s organic agriculture farm, with special emphasis on further strengthening the Greening Batticaloa project and the cashew processing unit
- Sports facilities with special emphasis on cricket

The Centre on completion of it’s construction in April 2018, will provide educational, vocational, cultural and therapeutic facilities

to the underprivileged children and families in Batticaloa and also facilitate and development of organic agriculture, with specific emphasis on cashew cultivations under the Greening Batticaloa programme and encourage local entrepreneurship for local crafts, cashew processing, and thereby contributing towards bringing about a significant socio economic development and upliftment of life styles to the people of Batticaloa district.



c. The Small Entrepreneurship Programm (SEP)

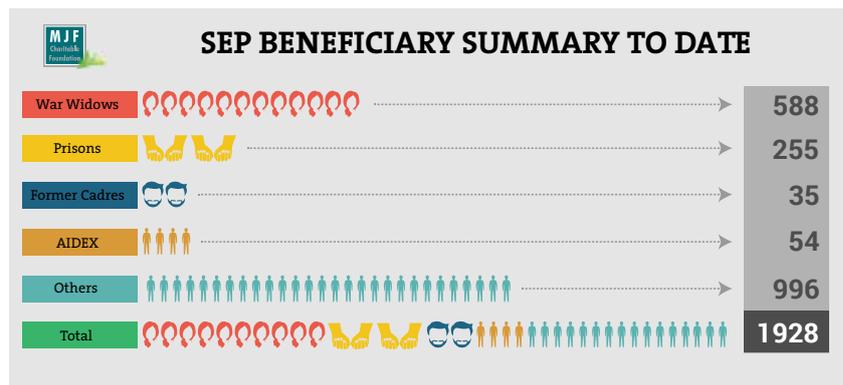
As one of the first Foundation programmes commencing immediately after the tsunami in December 2004, the SEP programme has assisted almost 2,000 small entrepreneurs and their families with the aim of re-building self-supporting communities. The SEP process was revised last year, making the selection of beneficiaries more effective. It also focuses on incorporating of relevant line agencies support and better supervision, monitoring and most of all for having better selection of individuals with real need of SEP grants.

The new process includes;

- Training for recipients of SEP grants
- Selection of recipients based on evaluation of their business plans at the end of the training
- SEP grants distribution
- Follow-up mechanism
- Assessment & Evaluation
- Introduction of marketing mechanisms

Special SEP grants were presented for Community Development Centre Aranayaka for their project of Yam Cultivation.

Bibile sweet orange project features MJFCF’s effort to help seasonal sweet orange farmers to mainstream their products. A total of Rs. 379,745 profit was raised in 2017/18



2017 SEP Grants Distribution Summary

Institute/Location	Male	Female	Total	Amount (Rs.)	AVG/Family
Colombo Friend in Need Society	7	8	15	691,516	46,101.07
Koul Ara	40	54	94	3,899,977	41,489.12
Prison	23	2	25	1,550,644	62,025.76
Walasmulla	25	41	66	3,805,070	57,652.58
Total/Avg	95	105	200	9,947,207	49,736.04



d. Plantations Programme

The focus of the plantations programme is to foster early childhood development and nutritional improvements of children at the Community Development Centres (CDCs). The key initiatives include; mid-day meals programme, educational support for plantation children through the Educational scholarship programme and supporting the health care services in the plantations of MJFCF with special attention towards the MJF Tea Gardens on Dunkeld estate in Dickoya located within Tea Trails.

The Planation Programme supports nearly 1,800 children below 5 years of age with Early Childhood Development coupled with a nutritious daily mid-day meals at 71 CDCs in Kahawatte Plantations and a further 19 CDCs of 4 estates in Talawakelle Tea Estates and the CDCs on Dunkeld estate



	Estates covered	No. of CDCs	Children's benefitted
Mid day meals	32	96	1,500 dailly
School bags for grade 1 entrants	32	96	850 annually



Direct Impact:
1800 Children

Educational Support Programme

The educational scholarship programme for A/L and University studies for children of plantation workers which commenced in 2004 currently supports 384 scholarships

	Total Scholarships	University Scholarships	Scholarships given in 2017/18	University Scholarships 2017/18
Kahawatte Plantations	61	37	07	06
Elpitiya Plantations	164	107	26	20
Talawakelle Tea Estates	123	70	06	05
Others	53	12	04	03
Total	401	226	43	34



Direct Impact:
704 Children



Health Centres

The refurbished Merrill J Fernando Health Centre of Somerset Estate in Talawakelle continues to provide qualitative healthcare to 3600 plantation workers and their families, including emergency care, ECG, Hemoglobin and blood sugar levels testing, EPI, anti natal and post natal care, Family spacing, Health education for adolescents, youth and elders, Oral cancer and TB control programmes and also equipped for swift transfer of patients to Government Health Centres if needed by an Ambulance service.

The new Health Centre which was constructed and donated to Dunkeld Estate in 2015 is benefiting 300 families at present.



Direct Impact: 3,600 Plantation Workers



Housing Facilities for Plantation Workers

Consequent to a pilot housing project consisting of 3 housing units that was launched on Dunkeld estate in 2012, the Foundation has provided new housing facilities to 46 worker families on the estate with water and electricity as well. Each family is also entitled to a small home garden and also have been provided with the know-how of growing organic vegetables for their consumption as well as an additional income though selling their produce.



Direct Impact: 46 families



e. Mainstreaming Of Resources To Support People In Need

National Blind Cricket

In partnership with the Sri Lanka Cricket Association of the Visually Handicapped, the 2017 tournament- the 6th Dilmah Challenge Trophy Blind National Cricket Tournament was played between June 3rd – and August 18th 2017. Eleven teams from across Sri Lanka and the armed forces with a passion for cricket showcased their talents. Tournament consisted over 180 players participating in 29 matches played in Colombo and Monaragala over 60 days.

physically handicapped persons to compete and excel in cycling and selected track and field events.

AIDEX Sports Festival

The Foundation continued to support the AIDEX Sports Festival in collaboration with the Colombo Friend in Need Society, for the physically handicapped for the 8th consecutive year providing opportunities to over 300

MJF Sadhasarana Home for the Elders

The MJF Elders home at Pitipana provides residential facilities to 18 Members and it now manages all its operational expenses independently as a self-reliant entity. An annual sale is conducted at the home during the season brings jovial moments to all who articepate.

Kings Revival Children’s Support Centre – KRCS Negombo

KRCS is home to 23 kids who are coming from troubled family backgrounds. They are sent to the Centre following the court cases by Department of Probation and Child Care Services. Foundation supports the Centre with financial commitment for their day to day meals.

5.2.2 Providing Opportunities For All Children

To help Sri Lanka accelerate progress toward Sustainable Development Goal 4; Ensure inclusive and quality education for all and promote lifelong learning, and goal 5; Achieve gender equality and empower all women and girls. Dilmah provides access to quality higher education and help in the preparation of secondary school leavers for academic and vocational education and training for persons in marginalized areas.



a. MJF Kids Programme

With the ambition of making holistic development in underprivileged children by ensuring access to quality early childhood development and ensuring that they remain in school.

The MJF Kids program offers Mathematics, Science, English, Commerce and Dancing classes under educational support sessions. Co-curricular activities and Leadership training sessions are conducted on weekly basis making a noticeable difference in children coming from troubled social backgrounds

MJF Kids program is now operational all across the country; 8 locations including Peliyagoda, Maligawatte, Pallansena, Siyambalanduwa, Udawalawa, Koul-Ara, Pahalalanda and Point Pedro.



Direct Impact : 1,000 Children



Jobs Created : 95 Instructors

b. Rainbow Centre

The centre was established with the vision of providing education facilities that are disability and gender sensitive and provide safe, nonviolent, inclusive and effective learning environments for less privileged children. The Rainbow School provides services for individuals from as small as 1-3 years of age with early intervention program up to youth of 30+ years of age with a multitude of disabilities from Down syndrome, Cerebral Palsy, Autism, Development Delays and Learning Disabilities etc. The structure of the program is mainly organized into two sections, Rainbow school primary section and Vocational training section for adolescents and youth.



Direct Impact : 170 children



Jobs Created : 32

5.2.3 Providing Opportunities For Youth

The pilot MJF Youth Programme was initiated in 2017 to enable less privileged youth to help them become skilled independent which aims to address Sustainable Development Goals 4, 5, and 10. Aligned to the Foundation’s strategy, Youth are provided with life changing opportunities to prepare them for adulthood. It also focuses on making them into leaders who would lead themselves, their families and their communities to a better and fulfilling way of life.

Youth Development Program mainly functions in two sections as follows:

- Dynamic Youth Group – Active group of youngsters which functions under a committee and get together at Youth Meetings
- Education, Sports and Services – Focused on leadership and skills development.



a. Curtiss Institute by Dilmah

The Curtiss Institute facilitate access to e-learning at no cost and aims to bridge learning divides, enhance the quality and relevance of learning and strengthen inclusion. Since establishment of the centre, major progress has been made towards increasing access to education at all levels and increasing enrolment rates particularly for marginalized women and youth.

Curtiss Institute continued to provide the following courses to on a daily/weekly basis, the Certificate in Microsoft Office, Certificate of Graphic Design and peripheral courses such as WDP women’s IT programme, Cricket Live IT programme, ECHS – Culinary school IT Module and continues Rainbow Kids IT programme making a collaborative effect in community development.



Direct Impact:

152 Children, Youth & Adults



Jobs Created : 3

b. Life Through Cricket - a collaborative programme with Cricket Live Foundation New Zealand

Cricket Live Foundation’s ‘Life Through Cricket’ program was functional for the 4th year in 2017. Life Through Cricket offers a novel way of developing lives of underprivileged children, using cricket as a medium. Programme offers a comprehensive educational support session and life skills sessions along with cricket coaching.

192 students were graduated in July 2017 which was the 2nd batch of the programme. Third batch was started in September 2017 with 216 boys & expansion of the girl’s programme from 48 numbers to 96, inclusion of one ladies coach in addition to existing two coaches.



Direct Impact : 613



Jobs Created : 12

c. Empower Culinary & Hospitality School (ECHS)

Dilmah’s Empower Culinary & Hospitality School, Sri Lanka’s only WorldChefs certified culinary training facility. ECHS continues its operations, graduating 3 batches of students who has received teaching experiences from world renowned chefs. During last year, Students at ECHS received training from 8 International chefs

ECHS ensures the recipients of this internationally recognized culinary training program receives training in multifaceted areas such as Language skills in English, IT, Leadership development and teamwork development, in addition to the main course content.



Direct Impact : 32 Youth



Jobs Created : 25



A bocuse d’or sri lanka gold medalist – from unemployed to culinary role model in eight months

W. Dinesh

23 year old Dinesh had lost his father when he was younger, and dropped out of school after his Ordinary level exams. As his mother works at Dilmah’s Rilhena Tea Estate, the estate manager nominated him for Empower and in October 2016. In 2017 he graduated from the culinary school and started his training at Dilmah’s Cape Weligama, and went on to Water’s Edge in Colombo, when he was chosen to be Commis Chef in the 2-man Water’s Edge team for Bocuse d’Or Sri Lanka. Bocuse d’Or, a revolutionary gastronomy contest.



The stories of Dinesh and the other graduates of Empower express the life changing power in the philosophy of ‘making business a matter of human service’. In this programme, attitude, knowledge and commitment are nurtured in young men and women, whether they come from harsh domestic circumstances, have Cerebral Palsy, Down Syndrome or other condition. In the previous batch that graduated, there was one young lady with Down Syndrome who was an aspiring chef; she is different but able. They have all risen above expectation, transforming their own lives and the lives of their families.



5.2.4 Infrastructure Development & Policy

National Infrastructure development and policy support also forms an integral part of the Dilmah foundation’s mandate. Dilmah strives to address Sustainable Development Goals 3, 5 and 10



a. National Centre for Children with Cerebral Palsy and other Developmental Disorders (NCCCPDD)

This year marked the first full year of operation for the NCCCPDD. The Centre is the first fully equipped centre for Cerebral Palsy in Sri Lanka. The NCCCPDD has been recognized internationally by the Cerebral Palsy Association and received a merit award for the 1,000 Wheel Chair Project. It also received an honorable mention for the creation of the world’s first mobile app for Cerebral Palsy. The NCCCPDD has three different aspects:

- i. **Therapy for children:** New services launched in 2017/18 included visits by internationally renowned practitioners who provided workshops in Early identification and intervention in Cerebral Palsy and types of advanced therapy. Furthermore, a special unit for Autism was created as well as a support group and resources for parents and caregivers.
- ii. **Outreach:** The NCCCPDD also created a Memorandum of Understanding with World Vision and the two work together as national partners in disability
- iii. **Training and Resources for Parent and Practitioners:** Recognizing the lack of resources and availability of information and resources for parents, teachers and caregivers of children with Cerebral Palsy, a series of workshops were conducted over the year.



Direct Impact : 85



Jobs Created : 29

Iron Kids @ Ironman 70.3 Colombo

The Ironkids of the MJF Foundation - The Merrill J. Fernando Charitable Foundation Moratuwa and the National Centre for Children with Cerebral Palsy and Other Developmental Disorders (NCCCPDD) competed in their (and Sri Lanka’s) first IRONMAN 70.3 Colombo challenge. The special race highlighted the awareness and abilities of children with disabilities. A stall was also assigned to the NCCPDD in the player’s registration area.



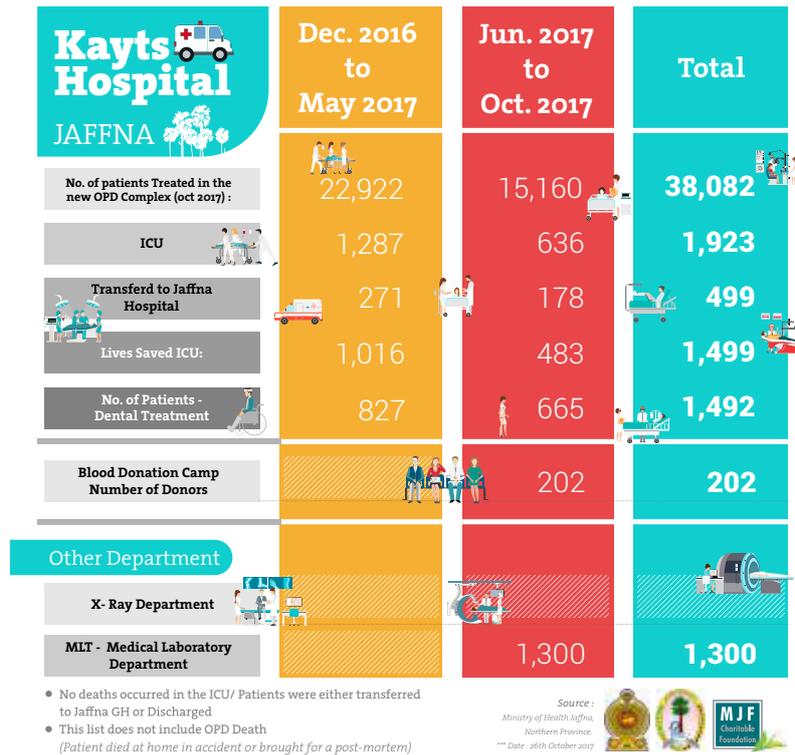
b. New OPD and Administration Block for Kayts Base Hospital

Out Patient Department (OPD) and Administrative block was opened at Kayts Base Hospital, which was fully funded by MJFCF. The hospital serves a catchment area of 41,000 people from Kayts and its surrounding islands thereby reducing the furthest travel distance to a hospital to 6km for the people of the area versus the 16 km to the next hospital in Jaffna. Although opened in 2016. This year marked the first full year of operations.



Direct Impact :

15,160 (June- October 2017)



5.2.5 Collaborations

SALT Global

SALT Global Foundation which is a collective of young people which focuses on community strengthening through leadership development and entrepreneurship, recently made hand in hand with MJFCF in providing program support for leadership development of culinary school students and MJF Kids Program.

World Vision

In September 2017 the MJFCF signed a general Memorandum of Understanding with World Vision. The most obvious point for partnership commences with the construction of the Kalkudah Centre and the surrounding DS Divisions where World Vision has extensive programming and experience with the communities for the past 20 years. The partnership aims at identifying complementary projects and tasks which can lead to the

provision of better services and add value to the communities and impact the lives of individuals.

Rotary

Recognized as a successful model of community mobilization and volunteerism internationally. The Foundation will partner with the various chapters of Rotary International in the Eastern Province to ensure that communities in the area and the business community in particular connect and establish strong linkages. Rotary International will also act as a member of the Advisory Board for the MJF Centre East.

Forte

Forte is a multidisciplinary consulting firm which provides solutions that improve the individual satisfaction of people, culture of organizations and effectiveness of communities

via personal growth, human resource development and process improvement. They specialize in modern methods of psychology working with individuals, teams and organizations. They supported the MJF Kids Programme as well as the Empower Culinary & Hospitality School in terms of the development of confidence building and leadership.

Moratuwa Arts Forum

Members from the Moratuwa Arts Forum was actively engaged in entertainment related events of the Moratuwa Centre. Recently the Moratuwa Arts Forum team up with other artists in composing an original song highlighting 'Celebrating Differences'. The song was written and music is specially composed for this purpose.

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation 2017/18		
General Disclosures		
GRI 102: General Disclosures 2017/18	Organizational profile	
	102-1 Name of the organization	Pg. 2
	102-2 Activities, brands, products, and services	Pg. 7
	102-3 Location of headquarters	Pg. 2
	102-4 Location of operations	Pg. 2
	102-5 Ownership and legal form	Pg. 7
	102-6 Markets served	Pg. 8, 9
	102-7 Scale of the organization	Pg. 7, 25, 49
	102-8 Information on employees and other workers	Pg. 49-52,
	102-9 Supply chain	Pg. 28-31
	102-10 Significant changes to the organization and its supply chain	Pg. 2
	102-11 Precautionary Principle or approach	Pg. 18
	102-12 External initiatives	Pg. 53-65
	102-13 Membership of associations	Pg. 12
	Strategy	
	102-14 Statement from senior decision-maker	Pg. 3
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	Pg. 17, 18
	Governance	
	102-18 Governance structure	Pg. 18
	Stakeholder engagement	
	102-40 List of stakeholder groups	Pg. 32-33
	102-42 Identifying and selecting stakeholders	Pg. 32-33
	102-43 Approach to stakeholder engagement	Pg. 32-33
	102-44 Key topics and concerns raised	Pg. 32-33
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	Pg. 2
	102-46 Defining report content and topic Boundaries	Pg. 2
	102-48 Restatements of information	Pg. 2
	102-49 Changes in reporting	Pg. 2
	102-50 Reporting period	Pg. 2
	102-51 Date of most recent report	Pg. 2
102-52 Reporting cycle	Pg. 2	
102-53 Contact point for questions regarding the report	Pg. 2	
102-54 Claims of reporting in accordance with the GRI Standards	Pg. 2	
102-55 GRI content index	Pg. 66-67	

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 24
	103-2 The management approach and its components	Pg. 24
	103-3 Evaluation of the management approach	Pg. 24

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 201: Economic Performance 2017/18	201-1 Direct economic value generated and distributed	Pg. 25, 26
GRI 300 Environmental Standards Series		
Energy		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 34-35
	103-2 The management approach and its components	Pg. 2, 34-35
	103-3 Evaluation of the management approach	Pg. 2, 34-35
GRI 302: Energy 2017/18	302-1 Energy consumption within the organization	Pg. 35
	302-4 Reduction of energy consumption	Pg. 35
Water		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 34, 42
	103-2 The management approach and its components	Pg. 2, 34, 42
	103-3 Evaluation of the management approach	Pg. 2, 34, 42
GRI 303: Water 2017/18	303-1 Water withdrawal by source	Pg. 42
Emissions		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 34, 36
	103-2 The management approach and its components	Pg. 2, 34, 36
	103-3 Evaluation of the management approach	Pg. 2, 34, 36
RI 305: Emissions 2017/18	305-1 Direct (Scope 1) GHG emissions	Pg. 36-37
	305-2 Energy indirect (Scope 2) GHG emissions	Pg. 36-37
	305-3 Other indirect (Scope 3) GHG emissions	Pg. 36-37
Effluents and Waste		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 34, 41
	103-2 The management approach and its components	Pg. 2, 34, 41
	103-3 Evaluation of the management approach	Pg. 2, 34, 41
GRI 306: Effluents and Waste 2017/18	306-1 Water discharge by quality and destination	Pg. 43
	306-2 Waste by type and disposal method	Pg. 41
	306-3 Significant spills	N/A
Environmental Compliance		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 34
	103-2 The management approach and its components	Pg. 2, 34
	103-3 Evaluation of the management approach	Pg. 2, 34
GRI 307: Environmental Compliance 2017/18	307-1 Non-compliance with environmental laws and regulations	Pg. 2, 34
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 48
	103-2 The management approach and its components	Pg. 2, 48
	103-3 Evaluation of the management approach	Pg. 2, 48
GRI 401: Employment 2017/18	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 52
Socioeconomic Compliance		
GRI 103: Management Approach 2017/18	103-1 Explanation of the material topic and its Boundary	Pg. 2, 53
	103-2 The management approach and its components	Pg. 2, 53
	103-3 Evaluation of the management approach	Pg. 2, 53
GRI 419: Socioeconomic Compliance 2017/18	419-1 Non-compliance with laws and regulations in the social and economic area	Pg. 2, 53



Please visit our websites
for more information about Dilmah tea and our philosophy;



Dilmah Ceylon Tea Company PLC, 111 Negombo Road, Peliyagoda, Sri Lanka.

☎ 011 482 2000 info@dilmahtea.com www.dilmahtea.com

📘 www.facebook.com/dilmah/

🐦 twitter.com/dilmah?lang=en

📷 www.instagram.com/dilmahceylontea/?hl=en