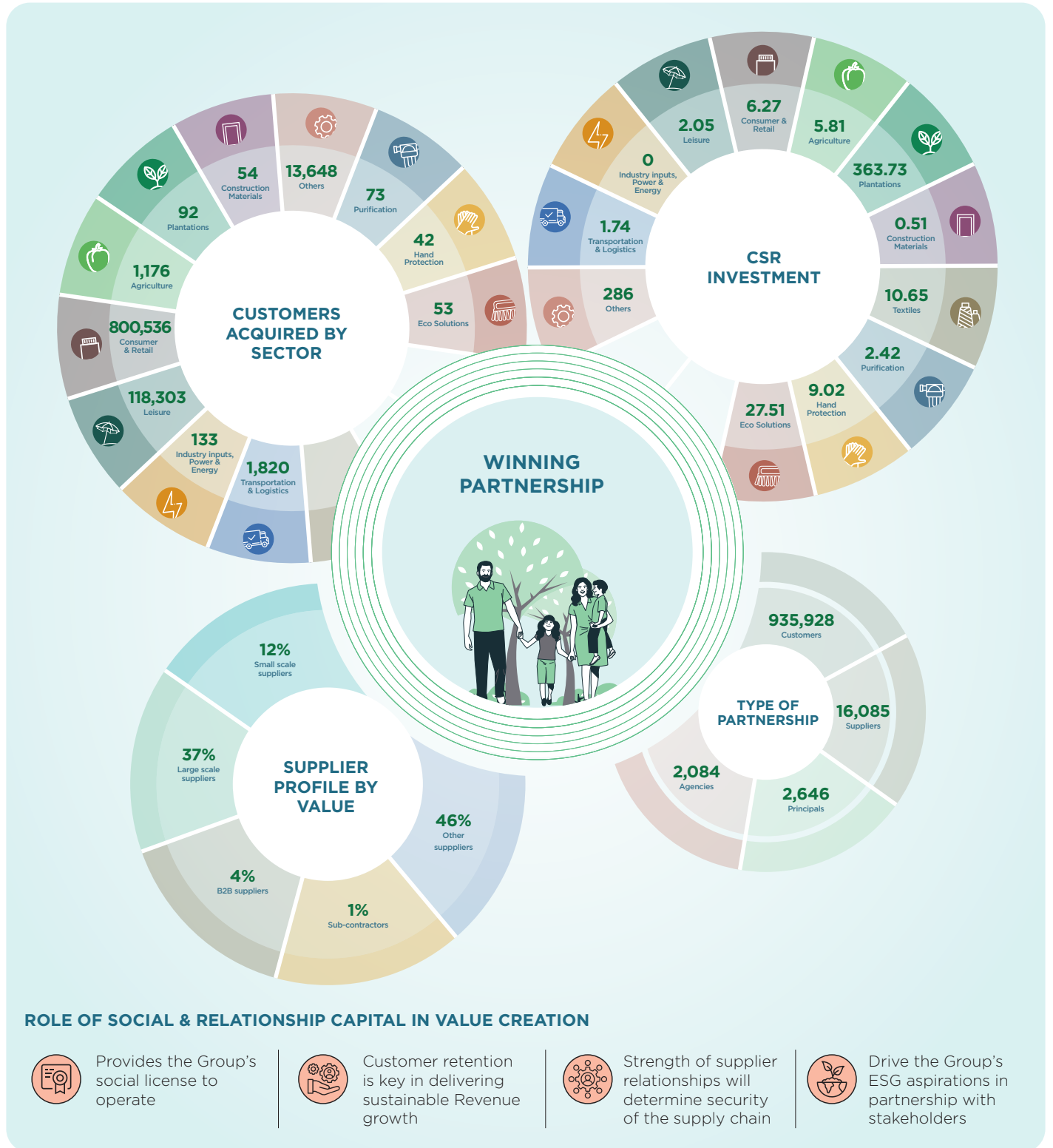
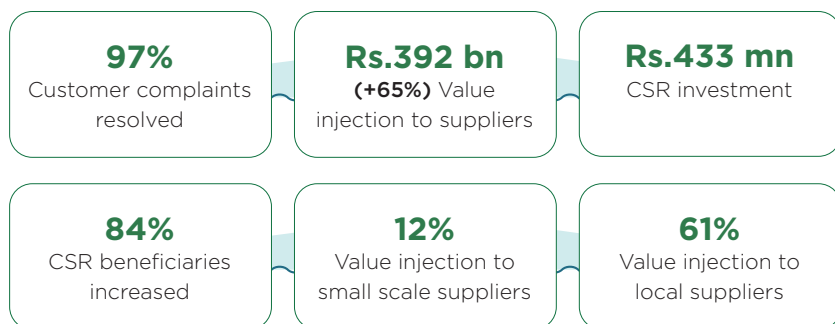


# SOCIAL & RELATIONSHIP CAPITAL

The extensive relationships we have nurtured with suppliers across Sri Lanka's key value chains and agricultural networks is one of the Group's key strengths and differentiators. With inclusive business models being a key pillar of our Purpose, we have shared our success through these relationships, driving socio-economic empowerment across the country.



### HOW WE MEASURE SUCCESS

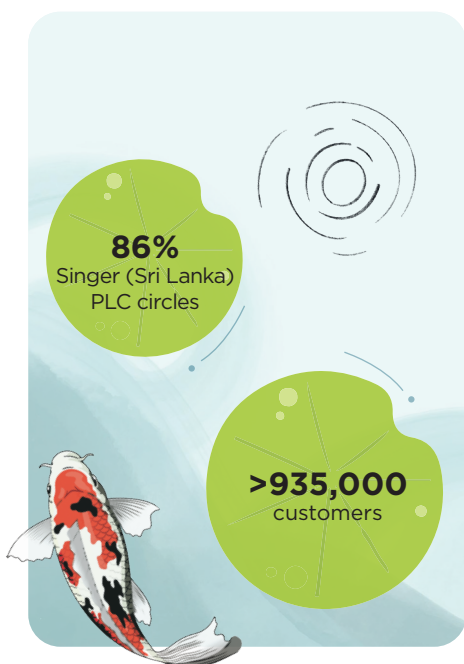


### HIGHLIGHTS 2022/23

- Strategic focus on customised offerings and sustainable innovation
- Continued value injection to suppliers despite the challenging operating landscape
- CSR activities centred on addressing critical challenges faced by communities

### CUSTOMER VALUE

The breadth and depth of the Group's operations has enabled it to build a global network of retail and B2B customers across 5 regions of the world. The total customers catered during the year amounted to approximately 935,000, with the majority representing the customer base of Singer (Sri Lanka) PLC which has an unmatched penetration in the consumer durables segment. During the year, the Group placed strategic focus on driving customer acquisition in new markets and regions, thereby further increasing the diversity of its customer base.



### LISTENING TO OUR CUSTOMERS

The Group engages with its customers through a range of formal and informal mechanisms as described on page 268. These platforms are used to identify and respond to the concerns and suggestions of our customers, thereby ensuring their needs are identified and responded to. Key concerns raised by customers during the year and our responses are given below,



## SOCIAL & RELATIONSHIP CAPITAL

### INNOVATION

The Group’s innovation capabilities are a key source of competitive edge and have enabled our Sectors to compete effectively with global players, catering to emerging customer needs. Details on the Group’s innovation footprint during the year are detailed on page 265 of this Annual Report and summarised alongside:

**549**

New products developed

**82**

Products in the pipeline

**Rs.323 mn**

Investment in R&D

### PRODUCT AND SERVICE RESPONSIBILITY

The Group complies with a range of domestic and international certifications which provide assurance to external stakeholders regarding our processes, systems and products (refer to page 268 for further information). A Group-wide process is in place to ensure the integrity and accuracy of all marketing communications; in general, press releases, advertisements are reviewed and approved by the Hayleys Group Corporate Communications prior to publication. Group Corporate Communications is currently formulating a Responsible Marketing guideline which will subsequently be rolled out to all Sectors.

Key certifications obtained by the Group which provide assurance on the quality and safety of our products is summarised below. Please note that this table only includes the certifications that are applicable to product responsibility; kindly refer to page 268 for a full list of certifications.

**ZERO**

Instances of non-compliance concerning marketing communications



**ZERO**

Instances of non-compliance relating to customer health and safety issues

 <b>ECO SOLUTIONS</b>	GOLS - Global Organic Latex Standard British Retail Consortium Certificate OCS - Organic Content Standards
 <b>HAND PROTECTION</b>	British Retail Consortium Certification Safety and Quality certification for consumer products ISO 22000: 2005 Food Safety Management Systems Control Point & TASF-SGS - Food Safety Management Systems
 <b>TEXTILES</b>	ISO 45001 Health and Safety management system certification Zero Discharge of Hazardous Chemicals (ZDHC) Joint Road Map Clean Chain Chemical Inventory Management Tool
 <b>CONSTRUCTION MATERIALS</b>	ISO 9001: 2015 Quality Management Systems ASI Membership by Aluminium Stewardship Initiative
 <b>PURIFICATION</b>	ISO 9001: 2015 Quality Management Systems Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Compliance
 <b>AGRICULTURE</b>	ISO 9001: 2015 Quality Management Systems Hazard Analysis Critical Control Point System Certification - HACCP Organic certifications Gluten free certification
 <b>PLANTATIONS</b>	ISO 22000: 2018 Food Safety Management Systems Halal Certificate Organic Rubber Certification USDA/NOP Global Organic Latex Standard (GOLS) ISO 9001 : 2015 Quality Management Systems

### SUPPLIERS

The Group's socio-economic footprint across Sri Lanka is strengthened by its diverse and widespread supplier base consisting of over 18,000 suppliers, through whom we procure a range of raw materials. Our suppliers are diverse in geographical profile and scale of operations, ranging from individuals and small-scale suppliers to large B2B players. Hand protection, Purification, Agriculture Textiles and Eco solutions procure mostly from small scale suppliers, while Industrial Inputs and Consumer source from large-scale suppliers. Given the numerous disruptions and logistical bottlenecks that prevailed during the year, many Sectors focused on strengthening engagement with suppliers to ensure their commercial sustainability and security of supply.

#### Supplier profile 2022/23

**18,030**

Suppliers

**75%**

Small-scale suppliers

**>1,047**

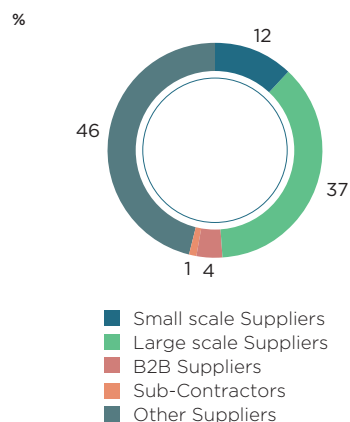
New suppliers added

#### Supplier value creation in 2022/23

##### Continued value injection

The Group's value injection to suppliers increased by 65% to Rs.392.78 bn during the year, reflecting our continued commitment to our value chain partners despite the uncertain conditions that prevailed during the year. Of the total payments, 12% represented payments to small-scale suppliers.

### SUPPLIER PROFILE BY VALUE



**Rs.392 bn**

Payments to suppliers

**65% increase**

Payments to suppliers

### SUPPLIER EDUCATION AND AWARENESS

As a Group that is at the forefront of industry innovation, sustainability and quality in several of its key verticals, the Group is committed to propagating best practices along its value chain. To this end, our Sectors continuously engage with our supply chain partners in raising awareness on critical industry issues.

#### TEXTILES SECTOR- AWARENESS SESSION

The Textiles Sector conducted an awareness session for the chemical suppliers of Hayleys Fabric and South Asia Textiles with the aim of bridging the chemical safety and compliance requirements and enhance knowledge of industry stakeholders on the chemical best practices of the textile industry.



### SUPPLIER DEVELOPMENT

Several key sectors conduct ongoing supplier development programmes, with the aim of building capacity and supporting the long-term survival of suppliers. These initiatives (listed below) have also aided the Group in propagating best practices including social and environmental practices across its supply chain.

**Rs. 10 mn**

Investment in supplier development

**2,168**

Suppliers supported



## SOCIAL & RELATIONSHIP CAPITAL

### FIRSTLIGHT - HAND PROTECTION

An ongoing and strategic development programme conducted by the Hand Protection Sector, Firstlight ensures a fair price for rubber latex by guaranteeing rubber smallholders a price which is indexed to RSS1 (the highest grade of consumed rubber) for their field latex. DPL also contributes US 0.5 dollars for every pair of gloves sold, which is utilised to fund a wide range of education, health and infrastructure projects to improve the overall quality of life of smallholders and their families.

**+5,000**

Farmers in total

**Rs. 3.18bn**

Payments to Firstlight farmers

**100+**

Farmers participated in training programmes

Farmer training on latex tapping, natural rubber collection techniques, nursery development etc

**Rs. 3.80mn**

Investments in community engagement



### HARITHA ANGARA - PURIFICATION SECTOR

A holistic supplier development initiative, through which charcoal makers are encouraged to engage in environmentally friendly charcoaling with Haycarb PLC providing technical support and guidance on ecologically friendly charcoaling processes and buy back agreements. The value proposition includes,

Engineering design and regular supervision to ensure proper standards are met during construction stage

Financial assistance to set up pits and chambers for charcoaling

Pricing and procurement in line with market conditions

**6,000**

Farmers island-wide

**8**

New suppliers added

**Rs. 6mn**

Investment in supplier development

**12**

Green charcoaling pits added

**35**

Suppliers assisted to mechanise production facilities

### SINGER- SUPPORTING LOCAL MANUFACTURERS

The Group's Retail arm provides market access to small-scale local manufacturers by offering them a platform to sell their products, through the Sector's extensive retail network. Given the restrictions on imports that prevailed during the year, the Group increased focus on local suppliers, sharing market insights and offering capacity building to strengthen manufacturing capabilities

**OUT-GROWER PROGRAMMES- HAYLEYS AGRICULTURE**

The Agriculture Sectors works with over 11,000 outgrowers for fruits, vegetables and seeds including jackfruit, banana, soursop, jalapeno pepper, pineapple, papaya, black pepper, chili, turmeric, and vegetables from the regions of Batticaloa, Jaffna, Kilinochchi, Mullativu, Mannar, Vavuniya, Ampara, Anuradhapura, Polonnaruwa, Puttalam, Badulla, Matale, and Rathnapura districts. The products are thus sourced and further processed for value addition and exported to over 50 countries. Key elements of our value proposition to outgrowers include the following:

- Training on cultivating according to specified food standards
- Fairtrade certification to ensure that each rural farmer is treated fairly without exploitation.
- Sustainable agriculture practices including nutrient and water management practices, GMP and GAP.
- Farmers are provided with inputs, technical assistance and extension services free of charge.

**>11,000**

Outgrowers

**152**

Training programmes

**7,200**

Outgrowers trained

**COMMUNITY ENGAGEMENT**

**Approach to community relationships**

The Hayleys Lifecode includes a Community Relationships policy which provides guidance on how Group companies should develop and execute community relations programs which reflect its social goals and the expectations of its communities. Key aspects of the policy are set out alongside:

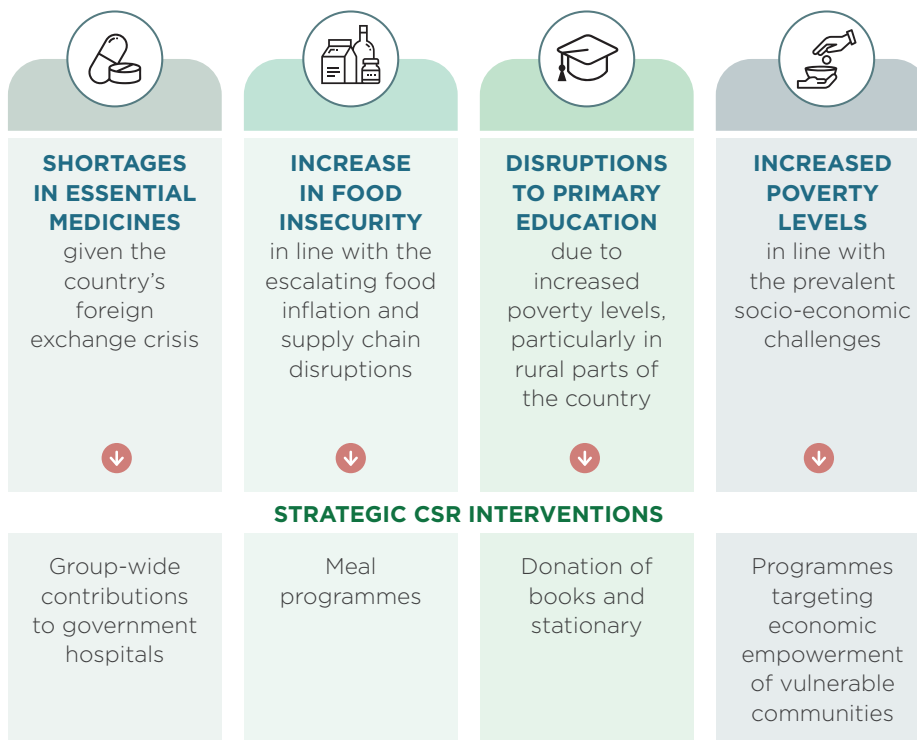
- Sectors should actively engage in strategic community development initiatives, broadly focusing on the key areas of education, health and well-being, livelihood development, religion and culture
- Encourage and reward employee volunteerism, thereby recognising employee involvement.
- The progress of all projects should be monitored periodically, through impact assessments, audits, feedback from beneficiaries and

independent third parties (where necessary) to ensure that program objectives are met.

CSR Governance: All CSR initiatives are aligned to the Group policy but formulated and driven at Sector level; certain significant projects are also driven by the Centre. The newly established Group ESG Steering Committee has oversight responsibility on the Group's CSR activities. Details pertaining to CSR activities, beneficiaries and impacts are reported to Group Sustainability on a quarterly basis.

Measuring our impact: Sectors monitor the impact of its community engagement activities on an ongoing basis, defining project-specific criteria to monitor progress and assess success. From a Group perspective, total beneficiaries, CSR investments and volunteer hours are monitored on a consistent basis.

**COMMUNITY CHALLENGES**



## SOCIAL & RELATIONSHIP CAPITAL

### Highlights

**Rs.433 mn**

Investment in CSR

**>990,000**

CSR beneficiaries

**>12,000**

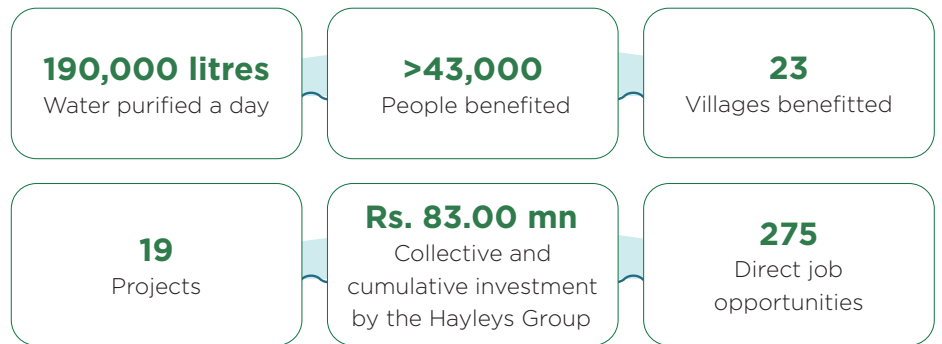
Volunteer hours

### CONTRIBUTIONS TO THE HEALTHCARE SECTOR

During the year under review, Sectors were requested to direct their CSR budgets primarily towards addressing the country's shortage in medicines and other consumables through contributions to government hospitals. Accordingly, several key sectors engaged in donations to hospitals around the country during the year, as summarised below:

### PURITAS SATH DIYAWARA

Conducted as the Group's flagship CSR initiative for many years, Puritas Sath Diyawara leverages the Group's expertise in water purification to provide purified water to families in areas affected by Chronic Kidney Disease (CKD). Conceptualised and launched by Puritas (Pvt.) Ltd., the initiative has expanded in partnership with other sectors within the Group. A Puritas Sath Diyawara project consists of commissioning a Reverse Osmosis (RO) water treatment plant and distribution system (through docking stations) to enable residents to obtain high quality potable water.



### ADDRESSING FOOD INSECURITY

#### Sisu Divi Pahana by Haycarb PLC

As part of its 50th anniversary commemoration, the Purification Sector launched 'Sisu Divi Pahana' a program to provide nutritious mid-day meals to students across 13 schools in Madampe, Wewalduwa, Kaluthara, Mahiyanganaya, Padaviya

#### PURIFICATION SECTOR

Renovation of Plastic Day Surgery unit of National Hospital Sri Lanka

Renovation of ward 56 & 57 Cancer treatment unit at the Karapitiya Teaching hospital

**Rs.13 mn**

Donations of medicine and medical equipment to 10 hospitals in Sri Lanka including National Hospital Colombo, Lady Ridgeway Hospital, Divulapitiya Hospital, Padaviya Hospital and Badalgama Hospital among others

**Rs. 8.4 mn**

#### TRANSPORTATION & LOGISTICS SECTOR

Donations of Tacrolimus tablets to Nephrology & Transplant Unit, National Hospital, Kandy by Team Advantis Express

The Advantis Free Zone team engaged in a blood donation campaign in partnership with the National Blood Bank

Donation of fans to Apeksha Cancer Hospital in partnership by CEVA Logistics

#### HAND PROTECTION SECTOR

Donations of medicines and gloves to government hospitals including the following:

- Base Hospital Homagama
- Divisional Padukka Hospital
- Divisional Hospital Biyagama
- Rs. 5.40 mn

#### ECO SOLUTIONS SECTOR

Donation of essential medicines to multiple hospitals including (among others)

- Negombo General Hospital
- Diwulapitiya Divisional Hospital
- Dankotuwa Divisional Hospital
- Dunakandeniya hospital
- Base Hospital Maravila

and Batticaloa. The timely programme aims to prevent acute malnutrition in students amidst the country's economic crisis and surge in food inflation.

**700**  
Students

**13**  
Schools

**SUPPORTING EDUCATION**  
**Sath Diyawara- Going beyond**

Launched as an extension of Puritas Sath Diyawara, 'Going Beyond' strives to address the broader socio-economic needs of the people living in CKD affected villages. In recent years, this initiative has focused on supporting the educational needs of these impoverished communities through providing infrastructure & facilities and book donations among others. During the year, the Group engaged in a book distribution to the Rambaawa Wijayaraja M.V supporting the educational requirements of 439 students.

**14**  
Schools

**Rs. 31 mn**  
Cumulative Investment

**>3,500**  
Students

**8th**  
Consecutive year

**BOOK AND STATIONARY DONATIONS**

Several of our sectors including Purification, Transportation & Logistics, Hand Protection and Eco Solutions engaged in book and stationary donations to schools operating within adjacent communities to ensure continued access to education.

**Protecting the vulnerable**

**A Home for Every Plantation Worker**

A long-term, multi-dimensional community engagement initiative carried out by the Plantation Sector, 'A Home for Every Plantation Worker' is a unique and holistic program targeted at uplifting the living standards of employees and estate community

amounting to nearly 150,000 individuals. The relevance of this programme was greater during the year, given the numerous socio-economic challenges that prevailed.

The progress made in each of the focus areas are summarised below:

<b>Living environment</b>	<b>27,996 Beneficiaries</b> Construction of new houses, upgrading existing water supply schemes and installation of new water delivery systems and improving access roads
<b>Health &amp; nutrition</b>	<b>647,538 Beneficiaries</b> Comprehensive immunisation programmes, medical facilities, awareness programmes on health and nutrition, early childhood development programmes and antenatal and postnatal care
<b>Community capacity building</b>	<b>41,208 Beneficiaries</b> Provision of housing loans, savings schemes, micro-financing facilities as well as training on household financial management and home gardening among others
<b>Youth empowerment</b>	<b>49,596 Beneficiaries</b> Home gardening, language and computer classes, awareness on significant social issues and career awareness programmes

**Capacity building and skill development**

**Singer Fashion Academy**

The Singer Academy supports livelihood development through empowering youth who wish to pursue a career in sewing. by providing opportunities for skill development through 6 fashion academies. The School aims to provide future fashion entrepreneurs an understanding of the scope and opportunities available in the field of fashion design at an affordable cost

**Fabricator Training By Alumex**

Alumex continues to build capacity in the aluminium extrusions industry, providing practical insights into the application and usage of Aluminium profiles, components, new products and new technologies through multi-faceted training programmes. The training is targeted towards a wide range of fabricators and technicians including students of VTA affiliated Technical Colleges, CECB, Buildings Department, Provincial Councils, ICTAD, Contractors, Sri Lanka Army, Navy, Air Force and other Technical Colleges (Government/ Non-Government) island wide.



**Agriculture Training Schools**

The Hayleys Agriculture Training school conducts training programs for a range of stakeholders including teachers, industry practitioners and commercial operators. While supporting our financial objectives this initiative also aims to enhance the agricultural skill base in Sri Lanka, given the shortage of skilled labour in the industry.