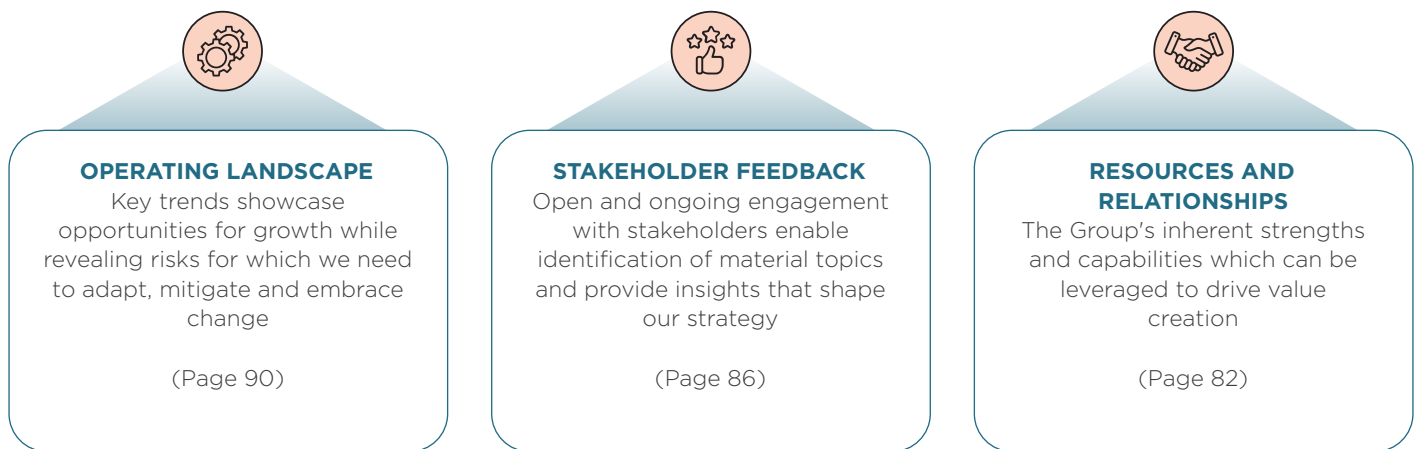


# STRATEGIC ASPIRATIONS

## STRATEGIC OVERVIEW

Five Group-wide strategic pillars guide our strategic execution in the short-to-medium term. While Sectors adopt unique strategies which reflect the risks, opportunities and core competencies of each business the overall strategic direction is underpinned these strategic pillars which are formulated by the Strategic Business Development Unit (SBDU) at Hayleys PLC and cascaded to the Sectors under the leadership of the Group Management Committee. During the year under review, the strategic pillars were refined to align with Hayleys' new Corporate Purpose, setting out our roadmap to explore value accretive opportunities that leverage the Group's resources, capabilities and relationships.

## FACTORS INFORMING OUR STRATEGY



## OUR PURPOSE

## OUR STRATEGIC PRIORITIES



**STRATEGIC ENABLERS**








**GOVERNANCE AND REMUNERATION PRACTICES SUPPORTING STRATEGY**

The Group’s effective governance practices are key to unlocking synergies and delivering strategy. Multiple layers of performance review from sector level Executive Committees to the Group Management Committee, Board Committees and the Board ensures a high level of monitoring and scrutiny. The GMC meets weekly and additional meetings may be called at short notice whenever the need arises. Monthly and quarterly performance is monitored against defined targets, with active debate encouraging the exploration of new ideas and diverse perspectives. The remuneration of GMC members and Sector heads are linked to relevant strategies and KPIs, which are cascaded across relevant functions thereby driving goal congruence across the organisation.

**RESOURCE ALLOCATION**

The Group’s decisions on allocating resources- which includes funding, expertise, people and natural resources is determined through the guidelines set out below:

 <b>Alignment to Purpose and Vision</b>	 <b>Capabilities and competencies</b>	 <b>Financial aspirations</b>	 <b>Risks and vulnerabilities</b>	 <b>Progress against targets</b>
<p>We invest in opportunities that pave way to fulfil our aspirations of being a force for good in the broader economic, social and environmental context</p>	<p>Adequacy of current resources and capabilities in success</p>	<p>The weighted average cost of capital adjusted to the risk premium attached to the relevant sector and business</p>	<p>We invest in opportunities that pave way to fulfil our aspirations of being a force for good in the broader economic, social and environmental context</p>	<p>We invest in opportunities that pave way to fulfil our aspirations of being a force for good in the broader economic, social and environmental context</p>

We invest financial capital where we believe the best opportunities lie across our businesses. This strategic financial allocation enables new income streams and increased diversity of the earnings profile. We deploy human capital to drive our strategy, as well as deepen stakeholder relationships and form sustainable business partnerships. Our manufacturing infrastructure and capabilities are utilised to offer consistently high-quality products to our customers across the world

# PERFORMANCE AGAINST STRATEGY

## STRATEGIC DRIVERS AND INITIATIVES IN 2022/23

**Effective planning and swift decision-making to ensure minimal disruptions to operations**

### Inorganic growth through acquisitions

- Acquisition of Horana Plantations PLC
- Expansion of DPL's operations in Europe
- Purchase of a coconut-milk manufacturing facility by the Agriculture Sector


### Organic growth and capacity expansions

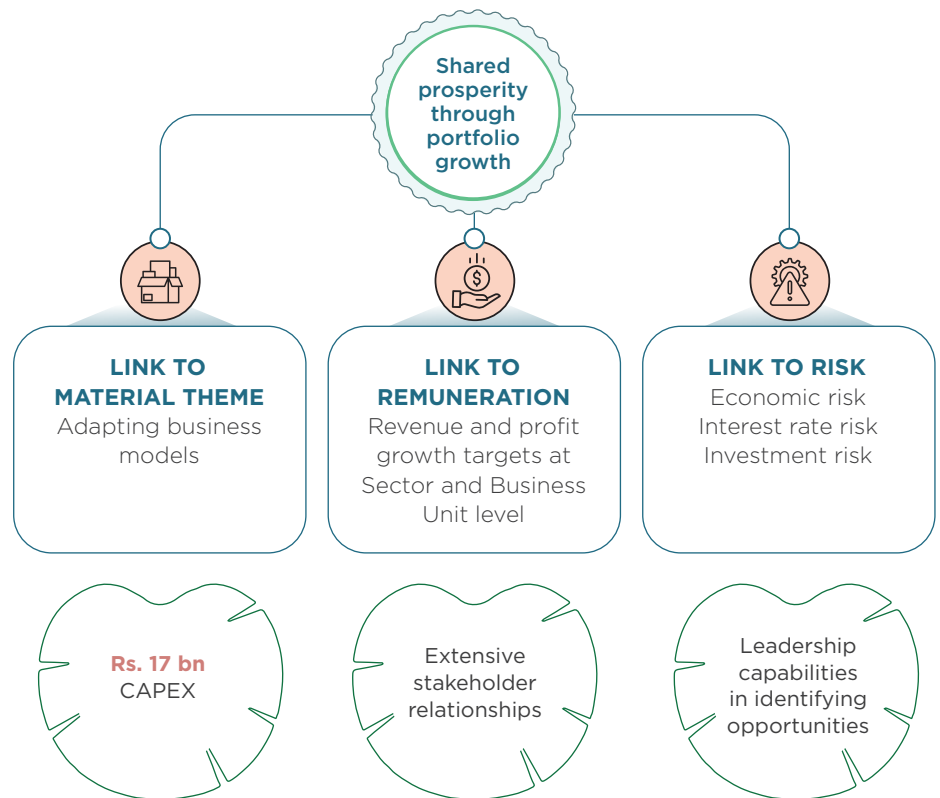
- Launch of new sports glove manufacturing facility by Hand Protection Sector
- New melting facility and aluminium recycling plant for the low-carbon range
- Capacity expansion and product capability improvement at Hayleys Aventura
- Investment in new factory in the Plantation Sector

### Penetration of new markets and deeper relationships in existing markets

## KEY TRADE-OFFS

 Allocating capital to higher-growth export markets can drive performance, but also gives rise to higher risk



 Investments in the current climate entail relatively high funding costs, necessitating an appropriate trade-off between risk-return dynamics



## HOW WE MEASURE SUCCESS

	22/23	21/22
Revenue Growth (%)	44	40
EBIT Growth (%)	82	29
Growth In Economic Value Generated (%)	35	50
Increase In Employee Value Creation (%)	1.28	1.02

## OUTCOMES GENERATED

 FC	21% return to shareholders
	Increased diversification of markets and business lines
 SRC	Strengthen social license to operate through shared value creation

## WAY FORWARD

### SHORT-TERM

- Preservation of liquidity to mitigate potential impacts of disruptions caused by current economic conditions

### MEDIUM-TO-LONG TERM

- Expand regional presence and pursue growth opportunities in export markets
- Inorganic growth

**STRATEGIC DRIVERS AND INITIATIVES IN 2022/23**

**Group-wide focus on innovation and value addition**

- Leveraging R&D capabilities to develop value-added solutions, which offer access to new customer segments and wider profitability margins

**Expansion of customer base with entry into new markets and segments**

**Ongoing customer engagement**

- Given the conditions that prevailed, Sectors were required to maintain ongoing engagement with customers to provide assurance on the ability to consistently fulfil their requirements

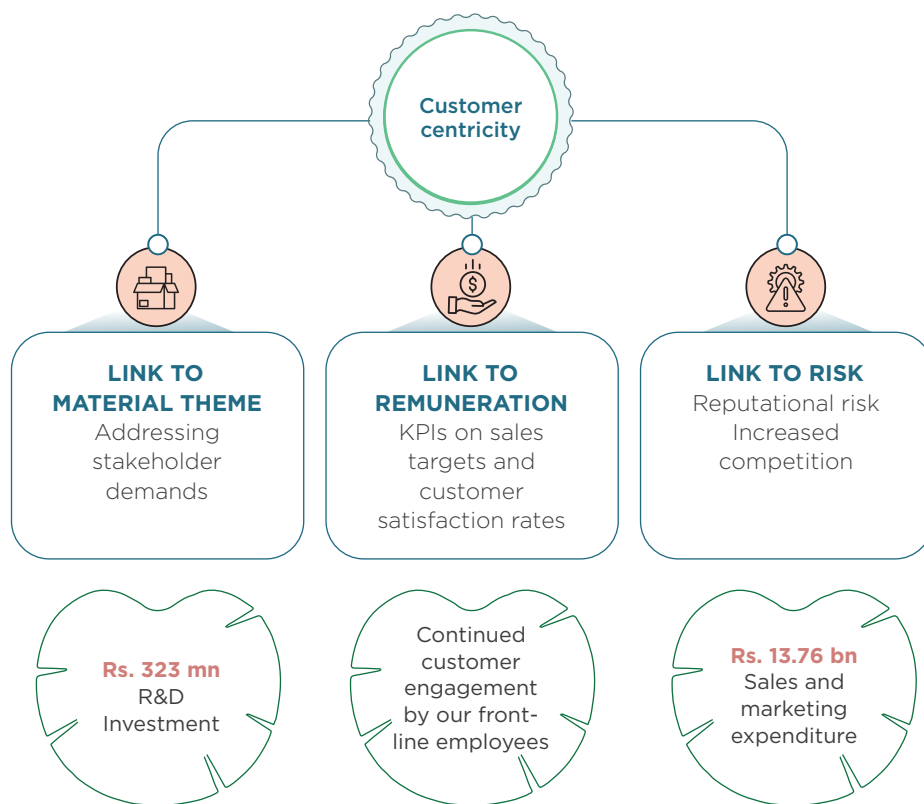
**Catering to customers' increased emphasis on social and environmental considerations**

- Prioritising sustainable innovation with focus on the use of renewable input materials, circularity and responsible packaging.

**Emphasis on strengthening after-sales service**

**KEY TRADE-OFFS**

- Investments in innovation drive increased client satisfaction and retention, but requires significant capital outlay during initial stage
- Investment will be required to develop new skill sets among employees to drive better customer experiences.



**HOW WE MEASURE SUCCESS**

	22/23	21/22
New Customers (mn)	0.94	1.60
Complaints Resolved (%)	97	99
New Products Launched	549	749
Products In Pipeline	82	160

**OUTCOMES GENERATED**

<b>FC</b>	Offer an enhanced value proposition to customers, enabling higher retention levels and long-term customer relationships
<b>IR</b>	Nurture a strong base of organisational capital by leveraging R&D capabilities

**WAY FORWARD**

**SHORT-TERM**

- Drive customer acquisition in new and existing markets
- Strengthen the Group's online and social media presence

**MEDIUM-TO-LONG TERM**

- Widen portfolio of sustainable solutions
- Improve customer loyalty schemes across Sectors

# PERFORMANCE AGAINST STRATEGY

## STRATEGIC DRIVERS AND INITIATIVES IN 2022/23

### Leadership development

Executive, middle-management and senior leadership programmes in selected sectors to strengthen leadership capabilities and build talent pipelines.

### Care and well-being

Ensuring the financial and emotional well-being of all employees by providing an array of relief measures, allowances and benefits

### Employee engagement

Ongoing engagement through numerous formal and informal platforms and regular communications to manage potential build up of tension given developments in the country.

### Succession planning

Group-wide efforts to identify high-performers and groom the next generation of leaders.



## KEY TRADE-OFFS

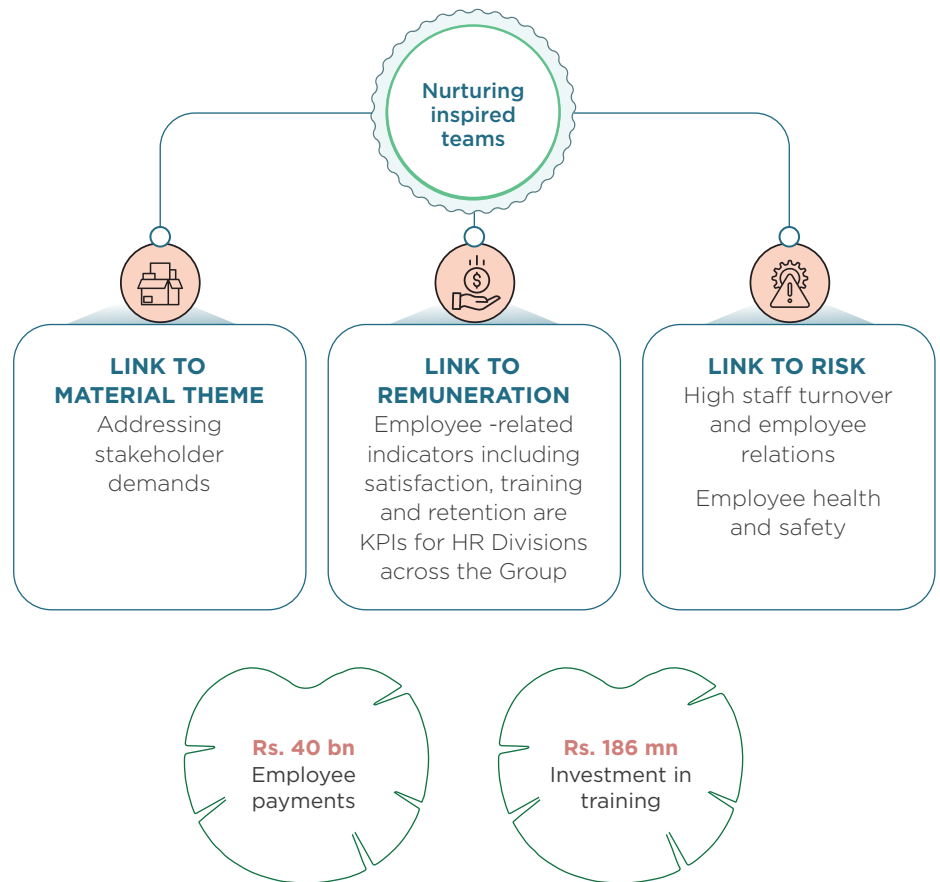


Prioritising employee well-being and financial security entailed a significant financial outflow, but is expected to benefit the Group in the medium-to-long term through increased loyalty and retention.



## OUTCOMES GENERATED

 IC	Harness organisational knowledge by nurturing a culture of learning and knowledge sharing
 HC	Strengthen the Group's human capital capabilities by creating a conducive, performance-driven culture



## HOW WE MEASURE SUCCESS

	22/23	21/22
Retention Rate (%)	80	85
Avg.training Hours /Employee	8.45	7.60
Female Representation (%)	34	35
Injuries	152	253
Value Added Per Employee (Rs.mn)	1.28	1.02

## WAY FORWARD

### SHORT-TERM

- Focus on retaining talent through strengthening engagement and offering an enhanced value proposition.
- Interventions to strengthen organisational diversity, inclusion and a culture of non-discrimination

### MEDIUM-TO-LONG TERM

- Development of leadership tiers and succession planning of critical positions

**STRATEGIC DRIVERS AND INITIATIVES IN 2022/23**

**Expansion of local supply chains**

Drive increased reliance on local supply chains, creating opportunities for value injection across rural and agricultural value chains.

**Building supply chain security and resilience**

Supporting supply chain partners through visibility in demand, transparent pricing and timely payments

**Ongoing investment in supplier development to build capacity and propagate sustainable practices**

**Continued investments in strategic and meaningful community engagement projects**

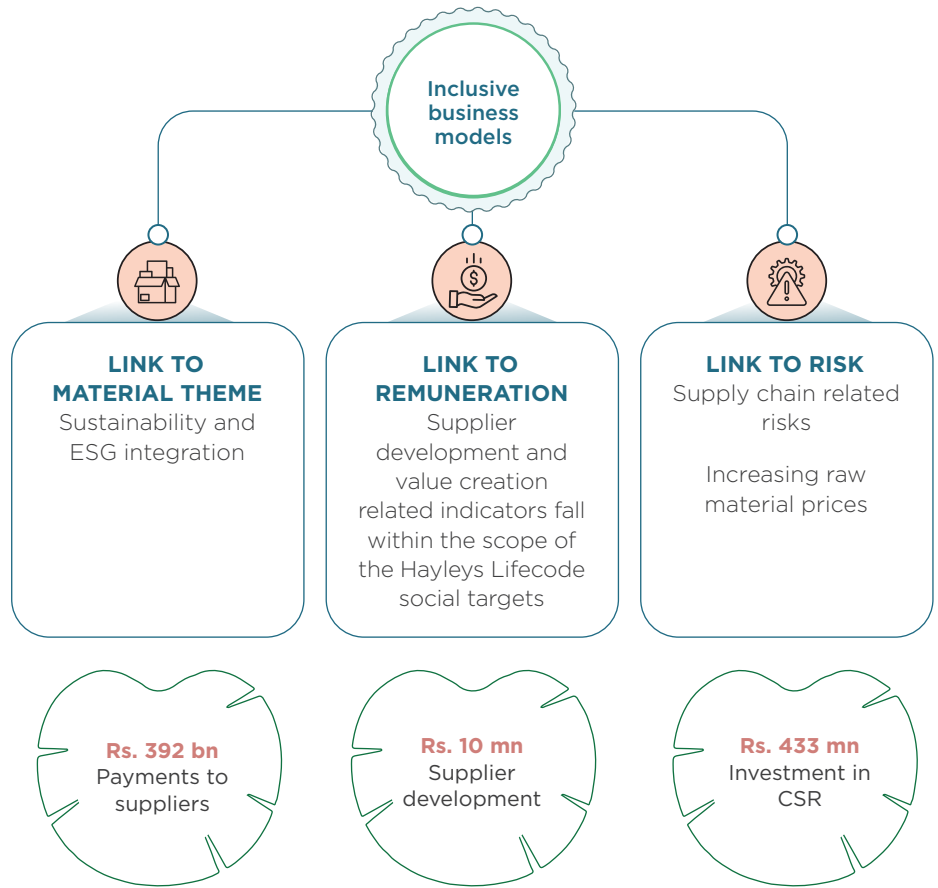
In addition to long-term projects, the Group directed CSR investments towards supporting the requirements of government healthcare facilities, given shortages in medicine and other essentials

**KEY TRADE-OFFS**

Inclusive business models support the creation of shared wealth and prosperity

**OUTCOMES GENERATED**

 IC	Supply chain security to ensure minimal disruptions to continuity of operations
 SRC	Strengthen social license to operate through meaningful relationships with communities



**HOW WE MEASURE SUCCESS**

	22/23	21/22
Total Suppliers	18,231	15,392
Increase in Supplier Payments (YOy%)	65	63
Local Procurement (%)	61	44
CSR Beneficiaries	>997,000	>540,000

**WAY FORWARD**

**SHORT-TERM**

- Build local supply chains to reduce import dependency and preserve valuable foreign currency

**MEDIUM-TO-LONG TERM**

- Propagating good social and environmental practices across our supply chains in line with the aspirations of the Hayleys Lifecode

# PERFORMANCE AGAINST STRATEGY

## STRATEGIC DRIVERS AND INITIATIVES IN 2022/23

### Formulation of sector-specific ESG roadmaps

Several sectors launched sector-specific ESG roadmaps aligned to the Hayleys Lifecode- thereby hardcoding their commitment to embedding environmental sustainability into their operations.

### Decarbonisation

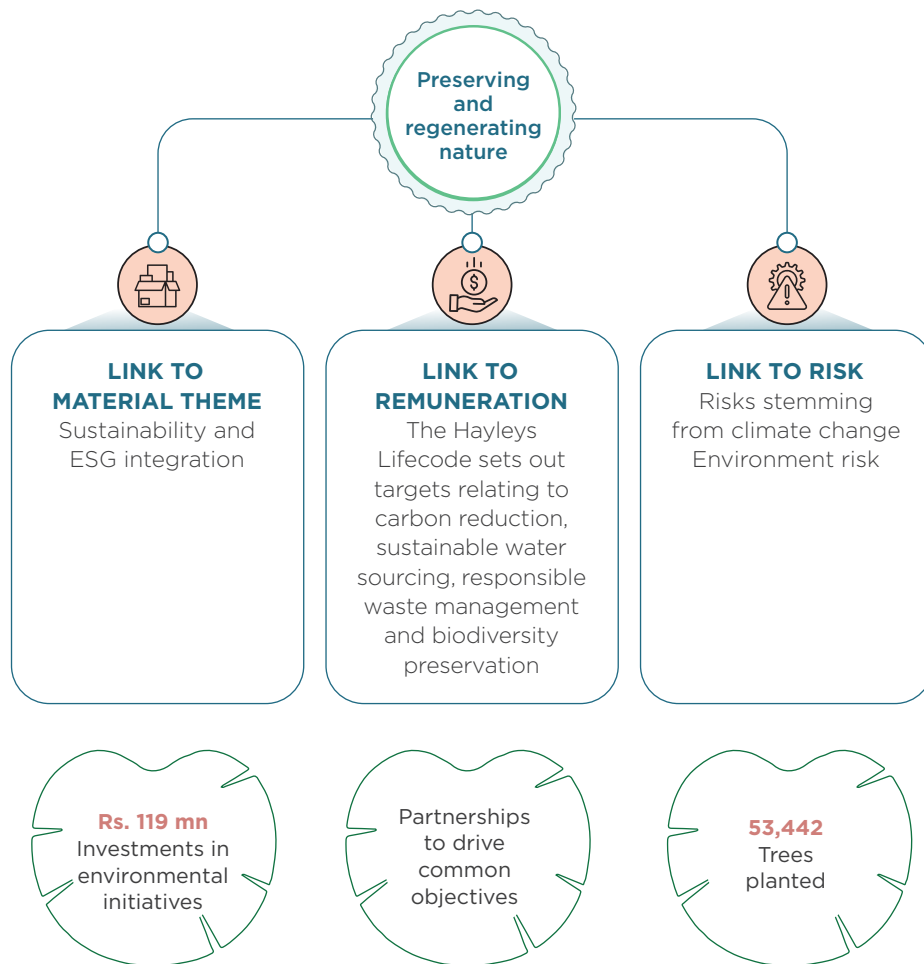
Drive towards Group-wide goal of achieving 30% reduction in the carbon footprint through investments in renewable energy, energy-efficiency initiatives and process re-engineering

### Biodiversity preservation

Tree planting, wetland and mangrove preservation and other bio-diversity programmes driven at both Group and Sector-level

### Sustainable innovation

Reducing the environmental footprint across the lifecycle of our products through sustainable design.



## KEY TRADE-OFFS



Balancing the mitigation of environmental impacts with business growth objectives



Investments in renewable energy typically requires significant capital outlay at the outset, although this can be offset by savings generated

FC	Build business resilience through mitigating environmental risks
SRC	Access new markets and customer segments
NC	Optimise use of natural resources and mitigate adverse environmental impacts

## HOW WE MEASURE SUCCESS

	22/23	21/22
Energy Intensity	-34%	-10%
Water Intensity	-28%	-12%
Emission Intensity	-36%	-20%
Reliance on Renewable Energy	67%	67%
Sustainable Water Sourcing (YoY Increase)	57%	53%

## WAY FORWARD

### SHORT-TERM

- Accelerate climate ambitions through increased investments in renewable energy
- Nurturing a culture of social and environmental consciousness

### MEDIUM-TO-LONG TERM

- Sustainable innovation to drive increased circularity of operations