

Natural Capital

NATURE-ALIGNED AND FUTURE-FOCUSED

Natural capital forms the foundation of many of our business operations, particularly in the resource-dependent sectors. As ecosystems provide essential inputs and services, from raw materials to climate regulation, the degradation of natural capital poses significant risks to long-term business viability. We are committed to building resilience against environmental risks and driving climate-positive action across our operations.



Insights from Group Chief Financial Officer
Scan to view



Emulating bioluminescence's near-perfect energy efficiency, Hayleys prioritises sustainable solutions by minimising waste and maximising resource value across all operations.



74%

Reliance on renewable energy

Improved reporting and monitoring of environmental impacts

Strategic focus on achieving decarbonisation through increasing reliance on renewable and sustainable energy

Total renewable energy generated by the Group offsets 56% of the Group carbon footprint

Sustainable water sourcing in water-intensive sectors

NATURAL CAPITAL AS A STRATEGIC DRIVER

PORTFOLIO OPTIMISATION

→ Provides critical inputs for business continuity including raw materials, water, climate regulation and ecosystems

CUSTOMER CENTRICITY

→ Accelerating positive environmental impacts and mitigating adverse effects is vital in fulfilling customers' growing needs for sustainable products

NURTURING INSPIRED TEAMS

→ Creating a sustainability-conscious team through ongoing awareness and engagement interventions

INCLUSIVE BUSINESS MODELS

→ Driving sustainable practices across value chains to amplify impact and effectively mitigate environmental risks

STRATEGIC ESG INTEGRATION

→ Three environmental priority areas of the Hayleys Lifecode integrated into strategy and decision-making

MEASURING PROGRESS

Natural Capital- Our KPIs

ACCELERATE CLIMATE ACTION	OPTIMISE THE RESOURCE FOOTPRINT	RESTORE AND REGENERATE NATURE																
<p>GHG Emissions-Scope 1 & 2 (tCO₂e)</p> <table border="1"> <tr> <td>2023</td> <td>179,702</td> </tr> <tr> <td>2024</td> <td>178,539</td> </tr> <tr> <td>2025</td> <td>183,276</td> </tr> </table>	2023	179,702	2024	178,539	2025	183,276	<p>Water intensity (m³/USD mn)</p> <table border="1"> <tr> <td>2023</td> <td>5.03</td> </tr> <tr> <td>2024</td> <td>5.10</td> </tr> <tr> <td>2025</td> <td>4.42</td> </tr> </table>	2023	5.03	2024	5.10	2025	4.42	<p>Trees planted (No.)</p> <table border="1"> <tr> <td>2024</td> <td>69,000</td> </tr> <tr> <td>2025</td> <td>134,391</td> </tr> </table>	2024	69,000	2025	134,391
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2025	134,391																	
<p>Why we use this KPI: Reducing emissions is a key environmental priority for the Group and demonstrates the effectiveness of the Group's climate mitigation strategies.</p> <p>How we performed: The Group's Scope 1 & 2 emission increase was contained at 3% despite a significant increase in operational activity</p>	<p>Why we use this KPI: Measures the organisation's emphasis on improving the efficiency of its water utilisation</p> <p>How we performed: Water intensity reduced during the year, reflecting ongoing efforts on optimising water usage and nurturing a culture of water-consciousness</p>	<p>Why we use this KPI: Showcases the scale and potential impact of the Group's biodiversity preservation programmes</p> <p>How we performed: Multiple sectors across the Group continued to engage in biodiversity preservation and tree planting programmes</p>																

APPROACH TO MANAGING ENVIRONMENTAL IMPACTS

While environmental consciousness has long been embedded in our thinking, in recent years, the Group has sought to strategically integrate the consideration of environmental impacts into its long-term strategy and decision-making. The relevant environmental policies and Group-wide environmental targets are set out in the Hayleys Lifecode, which are actioned by Sector-level strategies, environmental certifications, and external commitments. A tailor-made sustainability information system enables the monthly reporting and aggregation of all environmental data and impacts across the Group.

Reporting Frameworks
GRI Standards, SASB Standards, SLFRS S1 and S2 reporting standards

Policies
The Lifecode includes environmental policies that have been designed to align with regulatory frameworks, environmental certifications and industry best practices

- Energy and emission management policy
- Water management policy
- Chemical management policy
- Material & waste management policy
- Biodiversity conservation policy

2030 ENVIRONMENTAL TARGETS

Commitments
Committed to Science-Based-Targets-Initiative. With 3 out of 4 companies obtaining verification of targets

UNGC Ten Principles of Responsible Business

Certification
Group companies comply with a range of environmental certifications including ISO 14001:2015, ISO 14064: 2018 and industry-specific certifications

- 
 30% reduction in Scope 1 & 2 GHG emissions
- 
 50% sustainable water sourcing
- 
 40% of waste recycled
- 
 100% safe chemical management
- 
 Enhance biodiversity to 5 times the area occupied

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ACCELERATING CLIMATE ACTION

The Group is committed to reducing its absolute GHG emissions through increasing reliance on renewable energy and reducing energy intensity of operations

EMISSION TARGETS

- 30% reduction in absolute Scope 1 & 2 GHG emissions by 2030*
- 10% reduction in Scope 3 GHG emissions*
- 4% y-o-y reduction in Scope 1 & 2 GHG emissions of all new acquisitions

*For entities within the scope in the 2018/19 baseline

PROGRESS IN 24/25

- 6% increase in Scope 1 emissions
- 2% reduction in Scope 2 emissions
- Improved coverage of Scope 3 emissions

 Refer to page 112 for performance against target

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

CRRO 1,2 and 3

 **Climate Strategy**
Page 145

 **GHG emission metrics**
Page 152



DELIVERING ON OUR CLIMATE STRATEGY

Sri Lanka is highly vulnerable to climate change due to its unique and complex hydrological regime, high temperatures, and extreme climate events. In addition to its climate adaptation measures, the Group is strategically pursuing climate mitigation focusing mainly on its Scope 1 & 2 GHG emissions. Given the scale of our supply chain, we are cognisant of the material climate impacts arising across our value chain and will gradually seek to accelerate our efforts towards reducing Scope 3 GHG emissions.

Operational interventions

- Increasing reliance on sustainable and renewable energy sources
- Energy efficiency drives

Integrating climate considerations

- Strengthening governance, risk management and reporting process
- Integration into budgeting and financial planning

Value chain interventions

- Supporting Sri Lanka's transition to a low-carbon economy through Hayleys Fentons
- Emission reduction across supply chains

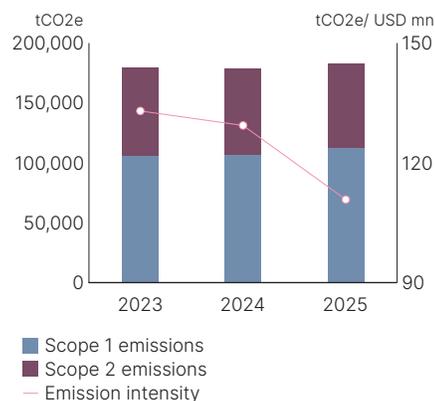
EMISSION MITIGATION STRATEGY

Key emission reduction initiatives implemented across the Group during the year included the following:

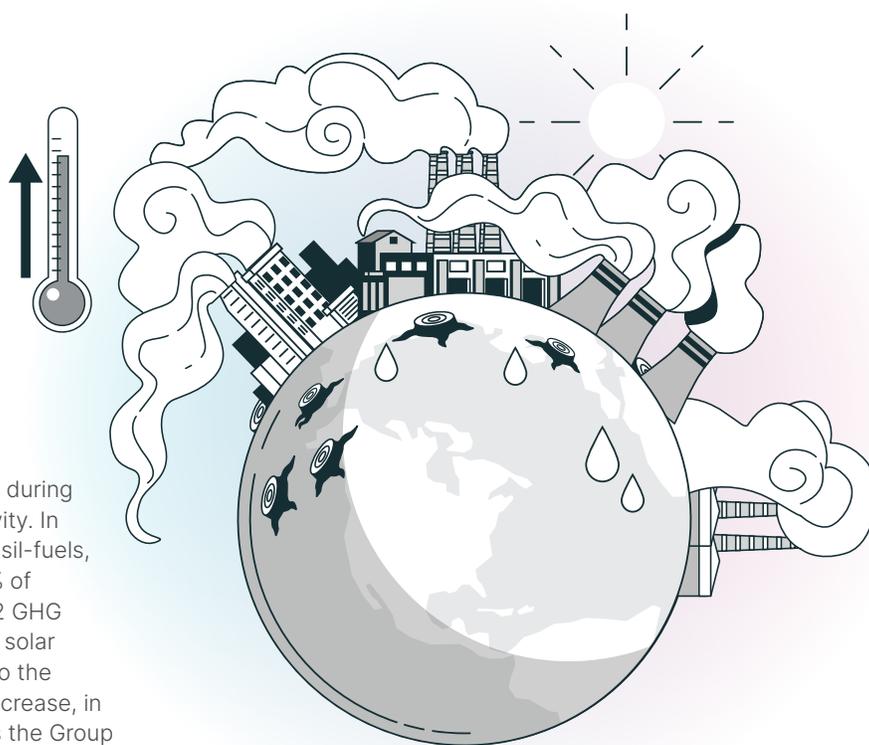
- Generation of renewable electricity with increased investments in solar PV systems including in estate bungalows
- Exploring alternative fuel sources such as biogas and green hydrogen
- Improvements in the coverage of Scope 3 emissions with 5 categories measured during the year
- Product carbon footprints for several products (Hand Protection and Construction Material Sector)
- Four companies committed to SBTi, with 2 entities (Hayleys Fabric PLC and Kelani Valley Plantations PLC) obtaining verification of their targets during the year; Talawakelle Tea Estates PLC obtaining re-verification of its targets

Scope 1			Scope 2	Scope 3				
Stationary combustion	Mobile combustion	Fugitive emissions	Purchased electricity	Upstream & downstream transport	Waste generated	Employee commuting	Business travel	Others
7%	6%	2%	9%	19%	0%	1%	0%	56%
Emission reduction initiatives								
Shift to renewable energy sources	Electrification of vehicle fleets	-	Renewable electricity	Route optimisation	Reduce landfill waste	Employee buses across 16 routes	-	-

EMISSIONS



The Group's Scope 1 GHG emissions increased by 6% during the year, mainly in view of increased operational activity. In view of ongoing efforts to reduce dependence on fossil-fuels, renewable and sustainable energy accounted for 74% of the Group's energy consumption. Meanwhile, Scope 2 GHG emissions declined by 2% with the Group investing in solar electricity, both for consumption and to be supplied to the national grid. Scope 3 GHG emissions recorded an increase, in view of a broader coverage of emission categories as the Group achieves increased maturity of its emission reporting.



	2025	2024
Scope 1 GHG emissions	112,756	106,799
Scope 2 GHG emissions	70,520	71,740
Scope 3 GHG emissions	576,979	35,469
- Category 4: Upstream distribution and transportation	30,537	-
- Category 5: Waste generated in operations	1,550	3,089
- Category 6: Business travel	791	604
- Category 7: Employee commuting	7,504	-
- Category 8: Downstream transportation and distribution	111,153	-
Total	760,245	214,088

Refer to page 153 for further details on the Group's GHG inventory 

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ACCELERATING CLIMATE ACTION

The Group is committed to reducing its absolute GHG emissions through increasing reliance on renewable energy and reducing energy intensity of operations

ENERGY TARGETS

- 90% sustainable and renewable energy applications
- 30% reduction in energy intensity
- 100% sustainable biomass sourcing

PROGRESS IN 24/25

- 74% reliance on sustainable and renewable energy
- 11% reduction in energy intensity
- 11% increase in sustainable biomass

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

CRRO 1,2 and 3

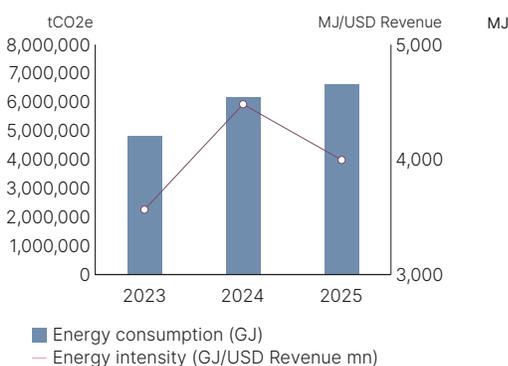
 Climate Strategy Page 145

ENERGY

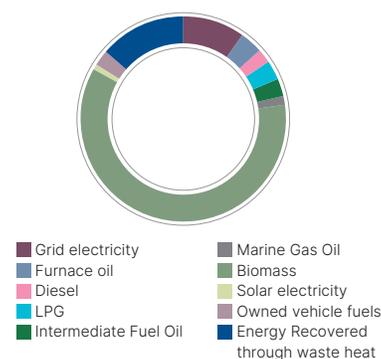
The Group's energy strategy in recent years has centered on gradually reducing dependence on fossil fuels through opting for sustainable and renewable energy sources while optimising energy usage across our operations. Key interventions made during the year under review are:

- Conversion of furnace boilers to biomass boilers across key sectors
- The majority of new production lines are powered with biomass energy
- Energy-efficient machinery, infrastructure and buildings
- Real-time energy monitoring systems across several sectors
- Corporate shuttle service which provides transportation to 490 employees through 16 buses

ENERGY CONSUMPTION AND INTENSITY



ENERGY CONSUMPTION BY SOURCE



The Group's energy consumption increased by 7% to 6.6 mn GJ stemming primarily from the increased use of biomass which entails a higher calorific value and higher operational activity across key sectors. The energy consumption for 2023/24 has been restated to reflect improved computational methodologies and refinement of scope. The Group continued to accelerate its shift towards renewable energy sources, with renewable and sustainable energy sources fulfilling 74% of total energy consumption during the year. In terms of Sector composition, Hand Protection, Textiles and Transportation & Logistics emerged as the largest energy consumers in the Group.

	Energy consumption		
	GJ	Y-o-y change (%)	% composition
Eco Solutions	111,495	-16	2
Hand Protection	2,290,821	+11	35
Purification	1,473,979	+30	22
Textiles	1,472,273	0	22
Construction materials	111,674	+38	2
Plantations	547,811	-7	8
Agriculture	82,550	+167	1
Consumer & Retail	60,309	+3	1
Leisure	98,038	-17	1
Industry Inputs, Power & Energy	1,998	-69	0
Transportation & Logistics	343,424	-29	5
Projects & Engineering	4,479	-46	0
Tea exports	2,994	+35	0
Others	8,338	+5	0

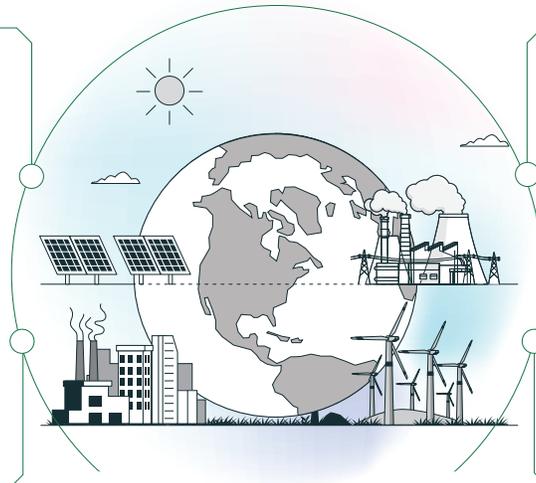
Hayleys is also catalysing the country's transition to renewable energy, both through reducing dependence on fossil fuels in its own operations and commercial installations across the country.

Solar installation through Hayleys Fentons

Sri Lanka's leading solar EPC company, having installed 350 MWp of rooftop solar power systems since 2011

Reliance on biomass energy by several sectors

Eco solutions: **72%**
Hand Protection: **93%**
Plantations: **75%**
Textiles: **72%**



Hydro power generation across Sectors

The Group's Plantation Sector generates renewable energy through several hydropower plants

Talawakelle Tea estates: **2.1 MW**
Kelani Valley Plantations PLC: **1.1 MW**
Horana Plantations PLC: **0.12 MW**

Renewable energy generation through Power & Energy Sector

Installed capacity of over 50 MW of wind and hydropower plants

ROOFTOP SOLAR INSTALLATION ACROSS THE GROUP

Organisation-wide rooftop solar installation project

144,352 M²
of rooftop area covered

29.94 MW
Generation capacity

28,037 tCO₂e
Annual reduction

Rs. 5.4 bn
Total investment

OPTIMISING THE RESOURCE FOOTPRINT

Our water management aspirations center on increasing sustainable water sourcing, increasing recycling and improving the efficiency of water usage.

WATER TARGETS

- 50% sustainable water sourcing
- 75% of total wastewater recycled and reclaimed
- 30% reduction in water intensity

ACHIEVEMENTS 24/25

- 14% sustainable water sourcing
- 13% of total wastewater recycled and reclaimed
- 13% reduction in water intensity

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO1:

Targets and metrics
Page 152

WATER

The world is facing an unprecedented water crisis, with global freshwater demand predicted to exceed supply by 40% by 2030. As a Group that relies significantly on water, we are cognisant of the potential disruptions to our operations stemming from water stress. In line with the adoption of SLFRS S1, we have aligned with the CDSB Application Guidance for Water -Related disclosures as listed below:

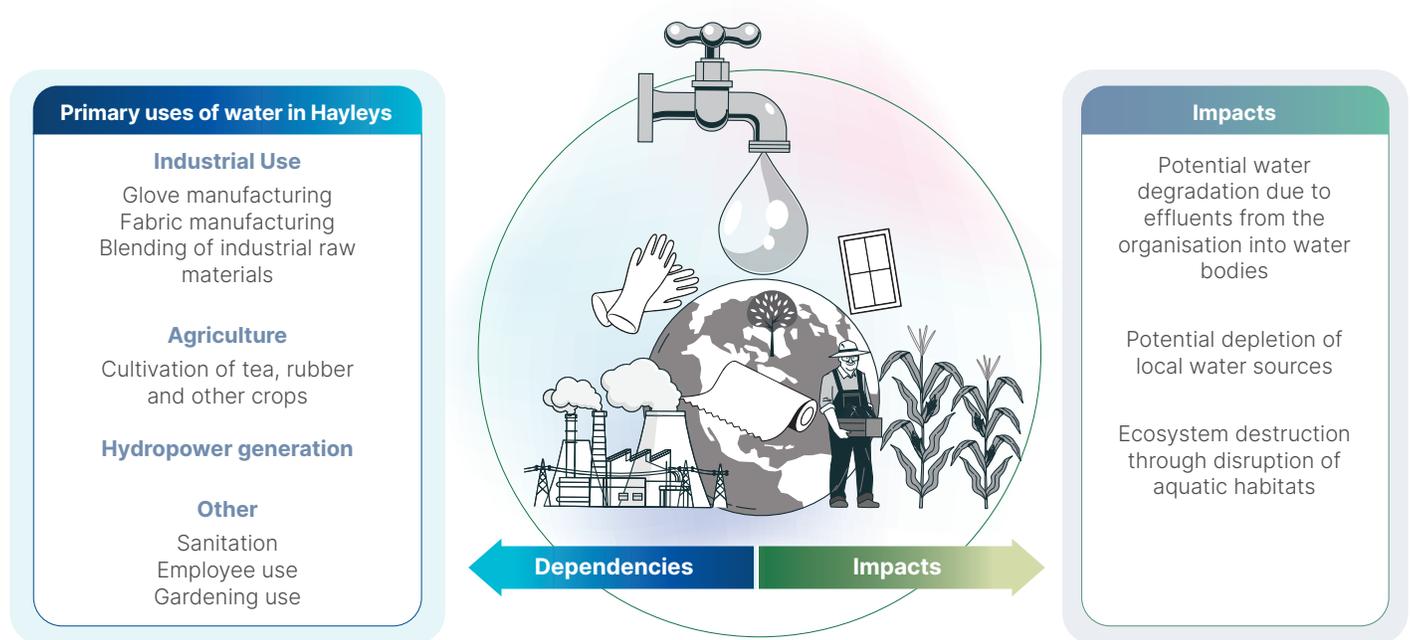
CDSB APPLICATION GUIDANCE FOR WATER-RELATED DISCLOSURES

Governance: The governance of water-related matters is aligned to that of the Group's other environmental aspects and SRROs (refer to page 124). Water withdrawal is monitored across all of the Group's operating locations and submitted to the Group ESG Division through the Hayleys CUBE. At an operational level, factory managers

and/or engineering units are responsible for water management within the respective locations with certain water-intensive sectors incentivising water efficiency through links to remuneration schemes.

Impacts and dependencies: The World Resource Institute's Aqueduct Analysis for 2024 ranks Sri Lanka as 'medium to high' levels of water stress; in terms of regional water-stress the Group's most water-intensive sectors operate in areas of medium to high levels of water stress. The Group's water sources include groundwater, surface water, pipe - borne water and harvested rainwater, with the largest source being surface water with a share of 59%. The Group's interaction with water as a shared resource stems primarily from its use in manufacturing operations as well as for cleaning and employee usage across the Group. Key impacts and dependencies are listed below:

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Water related impacts

Risk/Opportunity and link to SRRO	Description	Potential business and financial impacts	Strategy for management
Physical risk	Fluctuations and limited availability in water supply stemming from the country's water scarcity	Considerable impacts on the business continuity and manufacturing cost of the Textiles and Hand Protection Sector which are water-intensive operations	- Diversification of water sources and increasing reliance on sustainable water sourcing
Precipitation and rainfall CRRO 1	Changes in precipitation patterns and variability in weather patterns which lead to changes in temperature, water stress and coastal erosion	Implications on the yield, quality and quantity of our Plantation Sector products including tea, rubber and other crops. Impacts on the Agriculture Sector can stem from weaker demand due to crop losses	- Exploring climate-resistant crop varieties in the Plantation Sector - Increase reliance on sustainable water sources
Market SRRO 3	Shifting customer preference to water -efficient products and technologies	Increased pressure from customers (particularly in the European region) who demand water targets and disclosure of performance against targets	- Commitment to water targets and regular monitoring of the same
Reputational risk	Stakeholder perceptions of the Group's use and discharge of water and negative media coverage	Adverse implications on community relations due to water stress and potential impacts on social license to operate	- Maintain good stakeholder relationships across communities - Community grievance mechanisms established
Resource efficiency	Increased use of water recycling and reduced water usage and wastage	Opportunity to drive increased efficiencies and curtail costs, particularly in Sectors that are water -intensive	- Integration of sustainable water sourcing and water efficiency targets to the Hayleys Lifecode
Products and services	Development of less-water-intensive products and services and water-climate adaptation	Sectors such as Textiles can drive customer acquisition and access new markets through water-conscious innovations	- Pursue sustainability-linked innovation

Key interventions aligned with this strategy during the year included the following:

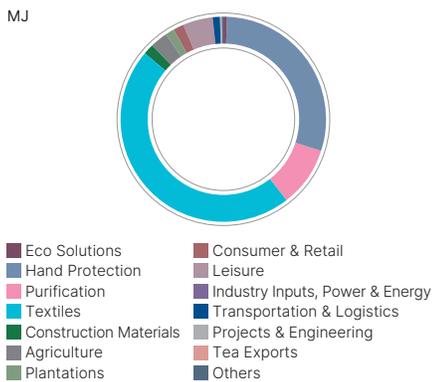
- Increased investments in rainwater harvesting
- Improving water measurement mechanisms (Eg: Eco Solutions Sector)
- Strengthen water-related monitoring criteria across supply chains (Eg: Textiles Sector)

Water management policy: The Group's Water Management policy is applicable to all entities within the Group and clearly sets out targets, action plans and deliverables. The policy is in line with the UNGC CEO's Water Mandate and all relevant laws and guidelines and national and international standards.

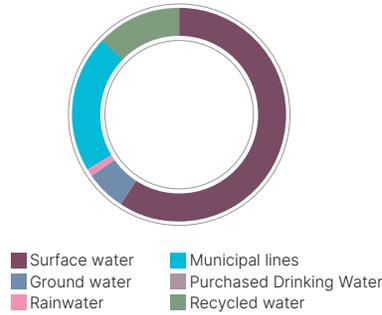
Water-related risks and opportunities: The processes in place for identifying, managing and monitoring water-related risks and opportunities are aligned to the approach of managing SRROs and are detailed on page 123 of this Report

Measuring water impacts

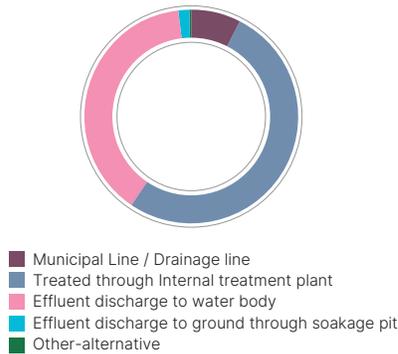
RECYCLED WATER CONSUMPTION BY SECTOR



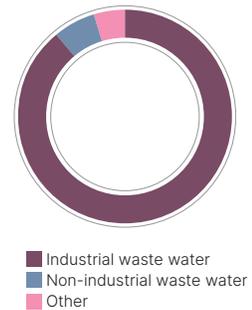
WATER WITHDRAWAL BY SOURCE



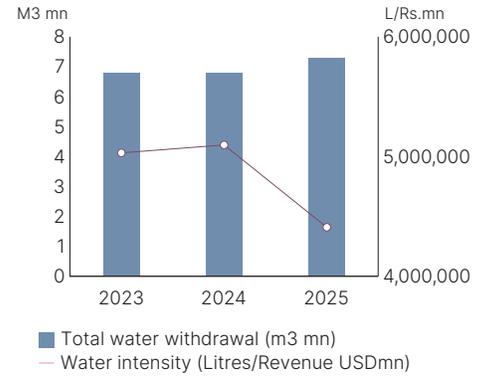
EFFLUENTS BY METHOD OF DISPOSAL



EFFLUENTS BY TYPE



WATER WITHDRAWAL TRENDS



Water discharge: The Group's manufacturing processes involve the discharge of wastewater, and effluent treatment plants to responsibly dispose of effluents. Wastewater is typically treated and recycled for reuse for gardening and/or organic farming purposes. Effluents discharged from our operations comply with the requisite water quality standards of BOD, COD, TSS, pH and oil and grease levels are checked on a regular basis by independent assessors to ensure they meet compliance levels.

The Group's total water withdrawal increased by 4% during the year to reach 7.29 mn m3, driven by increased usage in key sectors of Eco Solutions, Leisure, Transportation & Logistics and Projects & Engineering. Total intensity also recorded a decrease of 13% during the year.



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OPTIMISING THE RESOURCE FOOTPRINT

Drive the responsible consumption of natural resources and increase value generation across all wastes

MATERIAL AND WASTE

- Achieve traceability across all waste categories
- 25% reduction in waste intensity
- 40% of waste recycled
- 20% recyclable, reusable or compostable packaging

ACHIEVEMENTS 24/25

- Improved waste monitoring across the Group
- 8% reduction in waste intensity
- 18% solid waste recycled

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 3: Implications on strategy and value chain (page 139)

SRRO 4: Implications on strategy and value chain (page 141)



As an area of growing focus within the Group, we are pursuing ways of embedding the principles of circularity across our business through increasing reliance on recycled and renewable materials. This agenda continues to feature prominently in the product design/development phase and progress made on this front is summarised below. Other aspects of the Group’s material management include minimising chemical usage, use of eco-friendly raw materials and responsible sourcing.

Key initiatives and developments across the Group include the following:

Circular product solutions

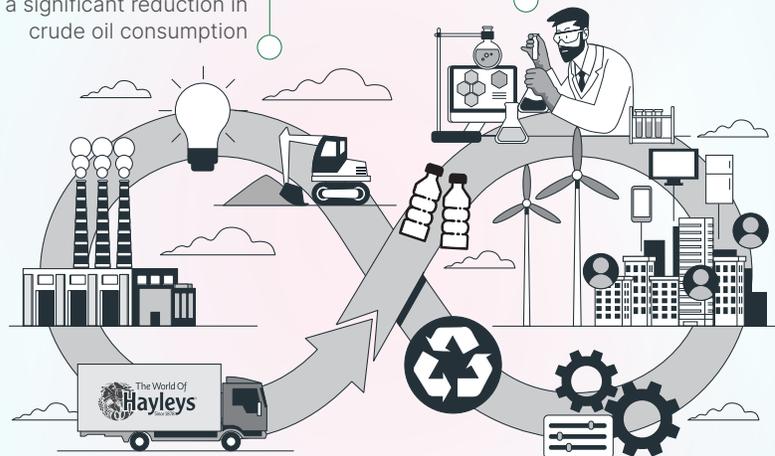
Eco-One is an additive which is applied during the manufacturing process to enhance the biodegradation of plastic and polythene products.

Carbon nanotube product for the glove industry uses carbon black recovered from used tires which in turn leads to a significant reduction in crude oil consumption

Use of recycled Aluminium

The Construction Materials Sector continues to increase the use of recycled aluminium in its production process, thereby reducing the need for virgin aluminium

47% Use of recycled aluminium



Warna by Mahogany by Textiles Sector

A pioneering waste-to-fashion initiative which extracts dye in-house using waste material generated by the local furniture industry

Use of PET bottle recycled yarn by multiple Sectors

The Textile Sector and Hand Protection Sectors use recycled PET yarn as an input for their fabric and glove manufacturing respectively

Sector and material	Quantity	Environmental/social factors	Management approach
Renewable materials			
Purification - Coconut charcoal - Coconut shells	93,963 MT 52,600 MT	- Acute shortages stemming from the sharp decline in coconut production, partly due to climatic issues	Diversification of supply chain networks and geographical operations
Hand Protection - Latex	11,755 MT	- Requirements for due diligence across the latex supply chain - Impacts of rainfall on the quality and quantity of latex	Supplier awareness and capacity building Diversification of supply chains
Eco Solutions - Coconut husks, fibre, chips	18,004,070 MT	- Acute shortages stemming from the sharp decline in coconut production, partly due to climatic issues	Backward integration and diversification of supply chain networks
Non-renewable materials			
Construction Materials - Aluminium billets	4,742 MT	- While the Sector has sought to increase reliance on recycled aluminium, the intensified competition for material in the local market has led to a sharp escalation in prices	Leverage network of collection centres to increase sourcing of recycled aluminium
Plantations - Fertilizer	7,935 MT	- More stringent regulations on the use of chemical fertilizer and resultant impacts have encouraged the Sector to explore alternatives	Substitute chemical fertilizer with organic alternatives
Textiles - Yarn - Recycled yarn	12,789 MT 3,414 MT	- Escalating customer requirements on the sustainability of raw materials and screening across supply chains	Increase reliance on recycled yarn and geographical diversification of supply chains

WASTE MANAGEMENT

As set out in the Group's waste management policy, we are committed to minimising waste generation while pursuing avenues for sustainable waste disposal. All Sectors have stepped up efforts to engage in the segregation and responsible disposal of waste, in compliance with regulatory requirements and industry best practice. Key interventions during the year included the following:

- Used single-use plastic bottles were used in combination with cement and other building materials to construct wasp attack prevention sheds at Horana Plantations
- Buffing of waste nitrile in the Hand Protection Sector
- Holistic waste management in the Construction Materials Sector

In addition, the following ongoing initiatives are in place within the Group.

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E-waste collection

Singer conducts a large-scale, island-wide e-waste collection initiative, through which customers are encouraged to return used electronic items across its network

Televisions: **361**

Washing machines: **107**

Refrigerators: **92**

Community waste management in plantations

The Sector conducts ongoing awareness building initiatives and training programmes on the responsible disposal of biodegradable and non-biodegradable waste



Waste-to-value business proposition

Haycarb PLC's business model is built on a waste-to-value proposition which entails converting waste coconut shells to sustainable solutions

Waste-to-energy generation

Through a patented green charcoaling technology, Recogen, Haycarb generates electricity using waste which is supplied to the national grid.

2,487,530 kWh of electricity generated

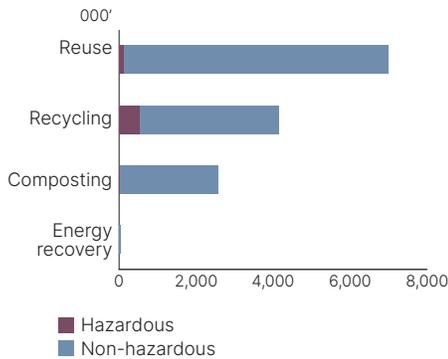
MEASURING WASTE IMPACTS

The Group's total waste reported for the year increased by 10% to 23 KGs, reflecting both an increase in operational activity and improved waste reporting. Non-hazardous waste accounted for 73% of the Group's total waste generated. Waste recycled increased by 19% to 4,155 MT reflecting strategic emphasis on driving responsible waste management practices.

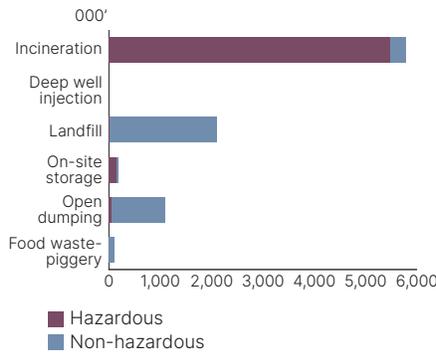
Total waste by type and composition

Hazardous waste	Quantity (MT)	Non-hazardous waste	Quantity (MT)
Sludge	5,582	Food	654
Contaminated materials	38	Paper	271
E-waste	52	Cardboard	1,509
Fluorescent lights	0.5	Polythene	472
Chemical waste/oil	26	Mixed waste	6,902
Ash	406	Glass	48
Mixed waste	1.2	Metal	1,013
Other	14	Garden waste	89
		Biomass waste	891
		Wet garbage	136
		Plastic	315
		Other	3,296

WASTE BY RECOVERY METHOD



WASTE BY DISPOSAL METHOD



RESTORING AND REGENERATIVE NATURE

BIODIVERSITY

- Increase biodiversity enhancing programme to cover 5 times the built area

ACHIEVEMENTS 24/25

- 134,391 trees planted
- 8 long-term biodiversity enhancing programmes

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 2: Ecological impacts Implications on strategy and value chain (page 141)



BIODIVERSITY AND ECO-SYSTEMS

Sri Lanka is considered a biodiversity hotspot, due to its high level of endemism and high level of biodiversity loss stemming from human activity. Several of the Group's operations are also located in or adjacent to priority geographical areas. This year, in aligning with the SLFRs S1 and S2 Standards, we have initiated reporting under the CDSB Application Guidance for Biodiversity-related Disclosures.

Governance: The governance of biodiversity-related matters is aligned to that of the Group's other environmental aspects and SRROs (refer to page 123), with regular reporting to the Group ESG Steering Committee. The Plantations Sector's tea and rubber estates in the hill country and low country wet zones as well as the Amaya Resort properties are located in areas which are particularly rich in biodiversity.

Although systems for incentivising biodiversity are yet to be formally and consistently established in the Group, it has been included as a priority area in the Hayleys Lifecode with the aim of driving collective action and impact in the short-to-medium.

Impacts and dependencies: The Group's primary dependencies on biodiversity stem from the usage of natural resources, dependence on surface and groundwater, soil fertility and health (particularly in the Plantations Sector) and climate regulation. Key impacts stemming from these dependencies include air, water and soil pollution, over-extraction of resources, habitat fragmentation and contribution to climate change among others. The Group's biodiversity conservation policy sets out guidelines for mapping biodiversity aspects, identifying impacts, capacity building and employee awareness and conservation among others. The Group's biodiversity targets (as set out in the Hayleys Lifecode) relate to the restoration and regeneration of an extent amounting to 5 times the built area occupied by the Group.

Strategies and management response

- 244 hectares with rich biodiversity
- Watershed and catchment areas feeding national rivers Nilwala, Gin, Kotmale Oya and Nanu Oya
- Great Western, Radella and Holyrood estates are located near Kikiliyamana Natural Forest Reserve
- Calsay estate, Nanuoya borders the Conical Hill National Forest, Agrabopaththalawa

Response	Sector-level interventions
Projects and initiatives focused on ecosystem restoration	Multiple reforestation, mangrove restoration and other ecosystem preservation projects across the Group (Refer to page 338)
Minimise input of virgin materials	Construction Material Sector's efforts to increase reliance on recycled Aluminium
Standards and certification schemes	Several ecosystem restoration sites obtained third-party assurance
Culture of learning around biodiversity and sustainability	Establishment of Group environmental and social volunteering platform- The Nurture Network
Product take-back schemes	Singer (Sri Lanka) PLC's e-waste collection drives
Partnerships with industry coalitions	Membership in associations such as Biodiversity Sri Lanka, UNGC and Lanka Responsible Care Council among others

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The Group's major biodiversity-related projects are summarised below:

Project Kirulu

Project Kirulu the Group's flagship biodiversity program, seeks to leverage the Group's extensive land bank, cross-sector synergies and insights on ecosystems to preserve Sri Lanka's rich and vibrant ecosystems. Actioned by Talawakelle Tea Estates, the programme involves the planting of native, endemic trees with the contribution of Group companies.

Biodiversity preservation in our Plantations Sector

- Project REGROW by Horana Plantations in partnership with WNPS Plant aims to restore a nine-kilometre-long forest corridor along the Maskeliya Oya creating 55 hectares of new forests in the process. In the future, this initiative will enable species to move among larger forest patches in an uninterrupted manner.
- Talawakelle Tea Estate PLC's large-scale tree planting initiative at St Clair Reservoir aims to plant and establish secondary forests across significant hectares with native and endemic plants across Talawakelle Tea Estates' plantations.
- Both these projects obtained Ecosystem Restoration Verification from Preferred by Nature the first of its kind in Asia
- KVPL in partnership with IUCN launched the Surakimu Ganga initiative which strives for collaboration between the private, sector and international organisations to adopt nature-based solutions for greening the river basin in We Oya catchment area in the Kelani river.



BEHOLD THE TURTLE

A long-term initiative by the Purification Sector, Behold the Turtle is a collaboration with Sri Lanka's Department of Wildlife and seeks to safeguard endangered sea turtles in the Kumana National Park. Focusing on ex-situ conservation, the project ensures that vulnerable hatchlings are safeguarded prior to their journey to the ocean.

DPL ECO PULSE RESERVE

The Hand Protection Sector launched DPL Eco Pulse Reserve- a 2 -acre biodiversity park, adjacent to its manufacturing facility in Hanwella comprising numerous endemic species, native plants and red-list plants

Mangrove Restoration

Advantis Blue C

The Transportation Sector's Project Advantis Blue C seeks to increase the national blue carbon sinking capacity by supporting the conservation and replenishment of coastal ecosystems. The Project received the UN Decade of Restoration Flagship Award for Sri Lanka by the UNEP and FAO of the United Nations

Progress made in 24/25

- Entered agreement for restoring 8.9 hectares in Pubudugama

Roots of resilience

Mangrove restoration project conducted by Hayleys Fentons in Bolgoda

Progress made in 24/25

- 1,000 trees planted during the year



WAY FORWARD

Priorities for 2025/26

- Pursue opportunities in renewable and sustainable energy sources
- Improve Group-wide reporting of waste
- Ongoing investments in biodiversity and ecosystem preservation projects

Adequacy of Natural Capital for future plans

Environmental challenges stemming from climate change, water stress and biodiversity loss are expected to worsen over time and could potentially impact the Group's ability to achieve its strategic aspirations and drive long-term value creation.

The Group will continue to accelerate its positive outcomes and minimise adverse impacts on nature, in line with the 3 environmental priorities set out under the Hayleys Lifecode.