

Social & Relationship Capital

STRIVING AND THRIVING TOGETHER

Social inclusivity is at the centre of the Hayleys' Corporate Purpose and the Group's unparalleled footprint across the country offers it a strong platform to advance this commitment through meaningful impact and long-term value creation. Through its diverse businesses, extensive supply chains and global market reach Hayleys has built an unparalleled social footprint, which has enabled it to build resilient business models and drive socio-economic empowerment.

Just as synchronous fireflies create rhythmic light through responsive coordination, Hayleys fosters collaboration and connectivity to deliver impactful results that ripple through and enrich the wider community.



SOCIAL & RELATIONSHIP CAPITAL AS A STRATEGIC DRIVER

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PORTFOLIO OPTIMISATION
→ Supports business growth by enhancing market access, and fostering collaborative ecosystems that drive long-term competitive advantage.
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CUSTOMER CENTRICITY
→ Facilitates increased responsiveness to customer needs through understanding and fulfilling customer expectations that enhance loyalty, satisfaction and retention
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NURTURING INSPIRED TEAMS
→ Our positive social footprint and meaningful stakeholder engagement underpins the value-driven nature of the Group, which strengthens its employer brand, making it more appealing to top talent
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STRATEGIC ESG INTEGRATION
→ Provides a strong platform to propagate the Group's ESG aspirations across its supply chains and accelerate impact



640,270
Beneficiaries from numerous CSR interventions across the Group

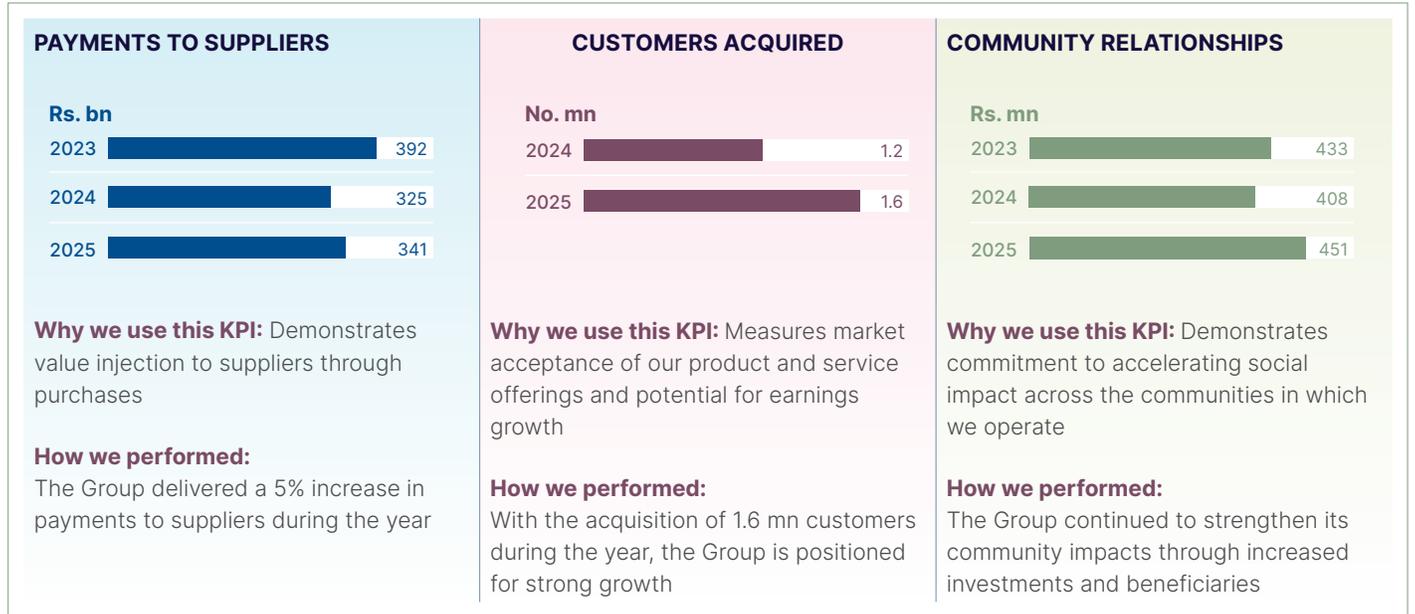
Rs. 50.57 mn
Ongoing investments in supplier development and capacity building

Deep-rooted relationships across supply chains with approximately **22,748** suppliers engaged

Value proposition centering on quality, innovation and service excellence to B2B and B2C customers

MEASURING PROGRESS

Social & Relationship Capital- Our KPIs



PARTNERING PROGRESS

The Group aspires to drive long-term value across its supply chain through collaborating with its diverse network of suppliers

SUPPLIER-RELATED TARGETS

- Achieve 40% environmental and social screening of total suppliers
- All Sectors to establish at least one supplier development programme

PROGRESS IN 24/25

- Roll out of responsible procurement strategy
- 3 Sectors have established long-term supplier development programmes

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 4: Environmental and Social issues across supply

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The Group has cultivated diverse, robust, and far-reaching supply networks across the country—an enduring hallmark of its DNA and a cornerstone of its value creation journey. By engaging a broad and inclusive supplier base the Group injects significant value across communities, driving socio-economic empowerment. Suppliers are diverse in geographical profile and scale of operations, ranging from individuals and small-scale suppliers to large B2B players.

Over 22,000

Suppliers

55%

Local suppliers

Rs. 341.31 bn

Payments to suppliers

Procurement Policy: With the launch of the 2nd edition of the Hayleys Lifecode, the Group sought to strengthen its Procurement Policy which serves as a minimum standard across all Group entities. New aspects introduced in the refreshed policy include the following:

- Supplier management and contract management practices
- Sustainable procurement guidelines including environmental and social screening criteria
- Digitalisation of pay processes
- Spend management

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Inclusivity across value chains

Aligned to its Corporate Purpose, the Group has always prioritised business models that support grassroot communities, thereby injecting economic value and driving empowerment. Through its diverse businesses, the Group connects rural communities to global supply chains, facilitating market linkages, building capacity and providing access to finance and resources.

| Sector | Suppliers/Value chain partner | Number |
|------------------------|---|--------|
| Eco Solutions | Fibre suppliers | 650 |
| Hand Protection | Latex suppliers (local) | 4,243 |
| Purification | Charcoal and coconut shell suppliers | 523 |
| Agriculture | Outgrowers-fruits and vegetables Smallholder-farmers | 12,435 |
| Construction Materials | Fabricators | 673 |
| Consumer & Retail | Indirect employment in branches | 2,800 |
| Projects & Engineering | Sub-contractors | 514 |

KEY AREAS OF FOCUS IN 2024/25

The Group prioritised the following aspects in its procurement and supplier management agenda during the year.

Hand Protection Sector

As the Sector gears up for compliance with EUDR it commenced capacity building and improved mechanisms to collect information

Construction Materials and Hand Protection

- Having engaged in product lifecycle analysis during the year, both sectors improved information gathering from suppliers



Diversification of supply chains

Given increasing complexities and disruptions in global supply chains and escalating implications of climate change on agriculture-based raw materials, several key sectors including Purification, Eco Solutions and Hand Protection sought to strategically diversify its supply chains while also pursuing backward integration.

Supplier due diligence

In response to emerging global standards (including evolving EU regulations) and escalating environmental and social risks on the supply chain, the Group is strengthening its supply chain due diligence to ensure ethical, transparent, and sustainable practices across all tiers of its operations. While this has been an area of focus under the Hayleys Lifecode, progress has been below expectations and plans are now in place to across several sectors to accelerate impact in this important area. Interventions during the year include the following:

Horana Plantations PLC

The Company successfully recorded compliance on EUDR following a comprehensive evaluation of suppliers

Leisure Sector

The Sector commenced an initial level of environmental and social screening for its key suppliers

SUPPLIER DEVELOPMENT

In building resilient supply chains and supporting the long-term sustainability of our valued partners, several key sectors in the Group conduct ongoing supplier development programmes. During the year, the Group invested Rs. 50.57 mn in supplier development with a total of 22,748 suppliers benefitted from these interventions. Progress made in the major programmes are summarised below:

| Sector | Suppliers/Value chain partner | Number |
|--|--|--|
|  Hand Protection | DPL Firstlight: Strategic supplier development programme which 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 0.005 dollars for every pair of gloves sold, which is utilised to fund a range of community initiatives among smallholder families | 9,847 Farmers in total 3.5 mn Payments to Firstlight farmers 751+ Farmers participated in training programmes Rs. 3.5 mn Investments in community engagement |
|  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. | >350 Farmers island-wide 2 Green charcoaling pits added bringing the total to 433 2,350 Suppliers assisted to mechanise production facilities during the year |
|  Agriculture Sector | The Agriculture Sectors works with out-growers and smallholders for fruits and 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, | 12,000 out-growers 435 smallholder farmers AGRICULTURE TRAINING SCHOOLS |

INDUSTRY PARTNERSHIPS

As an industry leader in several of its verticals, the Group is a catalysts for skill development in across industries and value chains, sharing best practices, raising awareness on latest technology and supporting the future-readiness and resilience of these value chains. Key ongoing interventions include the following

FABRICATOR TRAINING BY ALUMEX

Alumex plays a vital role in developing a skilled and competent construction industry through building capacity in the components, new products, applications and technology of aluminium extrusions. 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.

4,000 - 4,500

Fabricators trained to date

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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 52 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

3,470

Students enrolled during the year



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.

The Group is also an active contributor to multiple industry associations and forums, engaging with stakeholders and the government to provide input in creating an enabling industry and regulatory environment. The Group holds memberships in the following industry associations

MEMBERSHIP IN INDUSTRY ASSOCIATIONS

- Ceylon Chamber of Commerce
- Ceylon Association of Ships' Agents
- Lanka Business Coalition for HIV-AIDS
- United Nations Global Compact
- National Agribusiness Council
- Sri Lanka Association of Inbound Tour operators
- National Chamber of Exporters
- Sri Lanka Institute of Nanotechnology
- Planters Association
- Sri Lanka Freight Forwarding Association
- SLASSCOM
- American Chamber of Commerce

PARTNERING PROGRESS

The Group is committed to nurturing long-term, mutually beneficial relationships with its customers through ongoing engagement and responsible business conduct

CUSTOMER-RELATED TARGETS

- Customer satisfaction surveys covering 100% of operations
- Customer grievance handling processes covering 100% of operations
- Adopt responsible marketing practices

PROGRESS IN 24/25

- Acquisition of over 1.6 mn customers across the Group
- 98% of customer complaints resolved

CONNECTIVITY TO SLFRS S1 AND S2 DISCLOSURES

SRRO 3 -Escalating customer requirements on sustainability

- Page 139

CUSTOMERS

Our commitment is to leverage our unique strengths to cater to the dynamic needs of our customers, creating value through innovation, technology, quality and customer service. We combine our deep customer insights with our domain knowledge which is deepened by ongoing engagement and collaboration with customers. The breadth and depth of the Group's operations has enabled it to build a global network of diverse customers.

Customer acquisition: All key verticals placed strategic emphasis on driving customer acquisition in both existing and new markets (refer to Portfolio Reviews from page 156 to 288 for further information). As such, the Group acquired new customers of approximately 1.6 mn during the year.

CUSTOMER PROFILE

B2B and Retail

customers across 5 continents



Key areas of focus during the year in relation to customer management include the following:

FOCUS ON VALUE-ADDED, PREMIUM PRODUCTS

Several key verticals across the Group including Hand Protection, Purification, Textiles, Construction Materials and Consumer & Retail focused on driving innovation in value-added and premium product segments. This strategy is expected to strengthen long-term

resilience while enhancing brand equity and enabling wider margins over the short-to-medium term.

DIGITALISATION TO FACILITATE CUSTOMER CENTRICITY

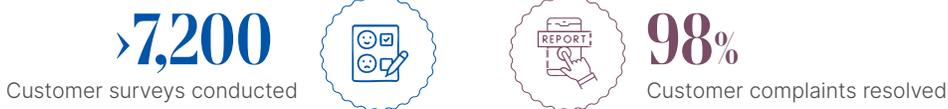
As detailed on page 324 of this Report, in line with the Group's digital transformation roadmap, several sectors made inroads in embracing automation and AI capabilities to enhance the overall customer experience. This included rollout of a sophisticated CRM in the

Purification and Hand Protection Sectors and AI-based hyper personalisation in the Consumer & Retail Sector.

LISTENING TO OUR CUSTOMERS

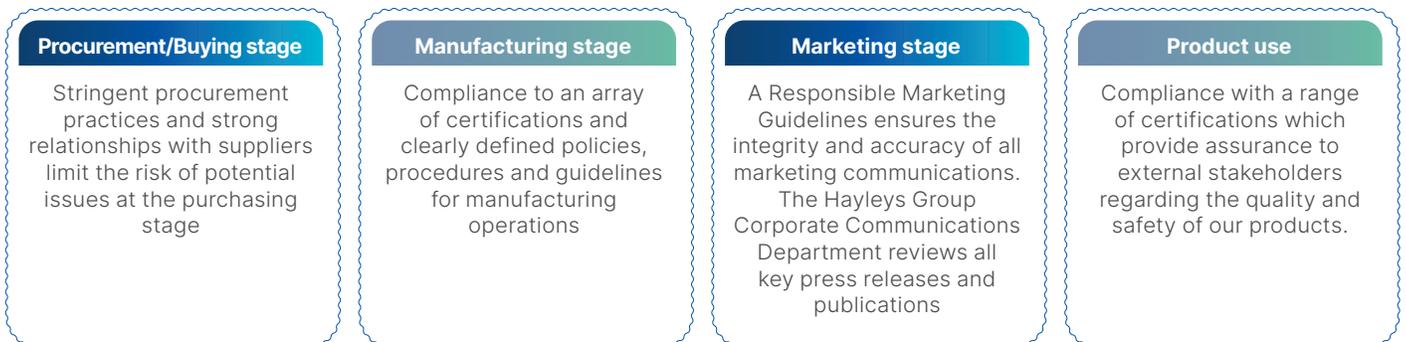
The channels we use to engage with our diverse customers and the concerns raised during the year detailed on page 304 of this Report. These channels are used to identify and respond to the concerns and suggestions of our customers, thereby ensuring their needs are identified and responded to.

Key concerns raised by customers and our response



PRODUCT STEWARDSHIP

The Group's commitment to product stewardship is embedded across different aspects of its customer journey through compliance to certifications, internal policies as well as responsible marketing practices.



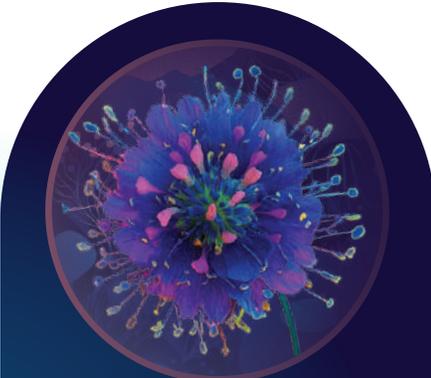
Social & Relationship Capital

COMMUNITIES

CSR Governance: All CSR initiatives are aligned to the Group Community Engagement policy but formulated and driven at Sector level while certain significant projects are also driven by the Centre. The Group ESG Steering Committee has oversight responsibility on the Group's CSR activities. Details pertaining to CSR activities, beneficiaries and impacts are reported by the Sectors to the Group ESG division 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.

HIGHLIGHTS OF THE POLICY



Hayleys Nurture NETWORK

LAUNCH OF THE HAYLEYS NURTURE NETWORK

During the year, the Group launched the Hayleys Nurture Network, a Group-wide volunteering platform encouraging employees to participate in environmentally-friendly initiatives, thereby enhancing their sense of purpose, driving positive impacts and nurturing a culture of sustainability consciousness in the organisation

Highlights of the Group's Community Relationships Policy

- 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 INTERVENTIONS IN 2025

During the year, Sectors engaged in numerous community engagement initiatives with a Group-wide investment of over Rs. 450 mn, which is estimated to have benefited over 640,000 individuals across the island. Key areas of CSR focus during the year included health and education which remain priorities in the Group's CSR agenda.

Progress made against ongoing community engagement initiatives are set out below:

Puritas Sath Diyawara

Conceptualised and launched by Puritas (Pvt) Ltd of the Purification Sector, this initiative leverages the Group's expertise in water purification to provide purified water to families in areas affected by Chronic Kidney Disease (CKD). 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. During the year, the Purification Sector partnered with Sarvodaya Shanthi Sena Sansadaya to establish the 20th RO project in Vellankulam, Vavuniya.

Community engagement in 2024/25



Rs. 451 mn

Investment in CSR



640,270

Total beneficiaries

IMPACT

20 Projects

200,000 liters water purified a day

>45,000 people benefitted

21 villages benefitted

Rs. 104.42 mn
collective and cumulative investment

275
Direct job opportunities

OUTCOMES

Marked reduction in the recorded cases of CKD in the relevant localities

Economic empowerment through community-based-organisations who are responsible for the management of the RO plans via an economic model



Sathdiyawara 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 and facilities and book donations among others. Sectors (including Hayleys PLC) annually engage in the distribution of books and stationary to selected schools.

IMPACT

10 consecutive year

14 Schools

>3,500 Students

21 villages benefitted

Rs. 59.15 mn
cumulative investment



OUTCOMES

Providing essential educational resources to under-resourced schools

Investing in equitable access to learning for all students

Sisu Divi Pahana

Initiated by the Purification Sector as part of its 50th anniversary commemoration, 'Sisu Divi Pahana' provides nutritious mid-day meals to students across 13 schools in Madampe, Wewalduwa, Kaluthara, Mahiyanganaya, Padaviya and Batticaloa. The programme was launched amidst the surge in food inflation in 2023 and has contributed towards preventing acute malnutrition in students and increasing retention levels in schools. During the year, the Hand Protection Sector also joined the initiative, thereby widening impact and coverage

IMPACT

13 Schools

Over 2,800 Students



OUTCOMES

Improve health and nutrition among vulnerable school-children

Increasing attendance and retention at schools

Home for Every Plantation Worker

A long-term, multi-dimensional community engagement initiative carried out by the Plantations 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 progress made in each of the focus areas are summarised below:



Social & Relationship Capital

| PROGRESS MADE IN HOME FOR EVERY PLANTATION WORKER PROGRAMME | |
|--|--|
|  Living environment | 43,468 Beneficiaries Construction of new houses, upgrading existing water supply schemes and installation of new water delivery systems and improving access roads |
|  Health & nutrition | 372,945 Beneficiaries Comprehensive immunisation programmes, medical facilities, awareness programmes on health and nutrition, early childhood development programmes and antenatal and postnatal care |
|  Community capacity building | 51,218 Beneficiaries Provision of housing loans, savings schemes, micro-financing facilities as well as training on household financial management and home gardening among others |
|  Youth empowerment | 52,204 Beneficiaries Home gardening, language and computer classes, awareness on significant social issues and career awareness programmes |

Soorya Sathkara by Hayleys Fentons

In a unique socially and environmentally impactful initiative, Hayleys Fentons launched Soorya Sathkara in commemoration of surpassing the 200MWp rooftop solar PV installation in Sri Lanka. Through this initiative, Hayleys Fentons seeks to install solar PV in 200 children’s homes, elderly homes and special needs care centers across the island.

WAY FORWARD

- Group-wide roll out of sustainable procurement plan in line with the refreshed Procurement Policy
- Engage in long-term, impactful CSR initiatives
- Improve stakeholder engagement mechanisms across Sectors

Adequacy of Social & Relationship Capital for future plans
 Effective management of the Group's Social & Relationship Capital is vital in preserving its social license to operate. The Group's strong foundation of social and relationship capital—built through years of meaningful engagement with external stakeholders positions us well for future growth