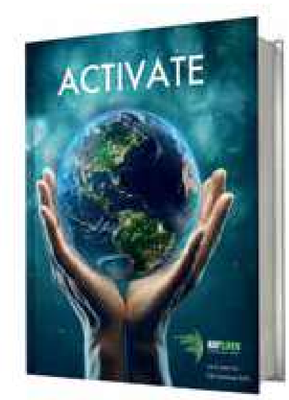
ACTIVATE - THE CORE OF VALUE CREATION

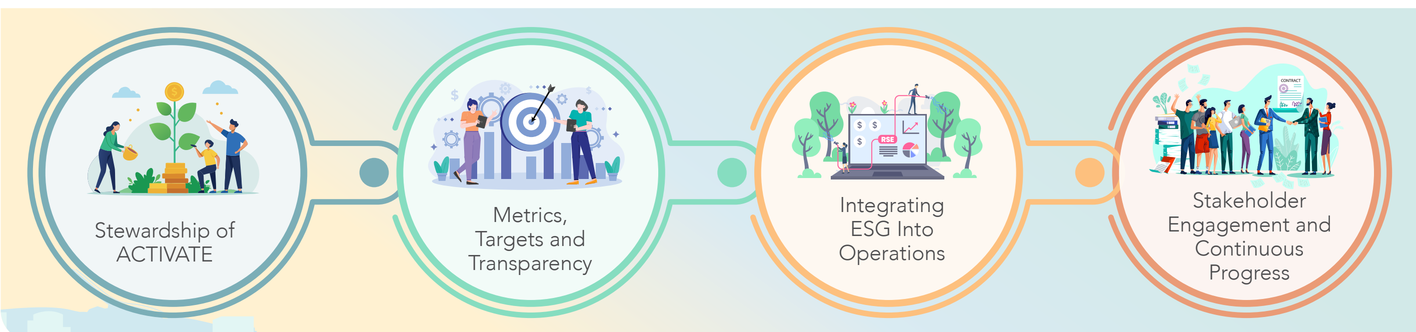
At Haycarb, sustainability goes beyond being a strategic focus, it represents our values and guides the way we conduct our business. Through ACTIVATE, our dedicated ESG framework, we integrate environmental responsibility, social progress and strong governance principles into every aspect of our operations. Structured around the five action pillars Restore, Inspire, Excite, Uplift and Innovate,

ACTIVATE connects our long-term goals with meaningful impact across our global presence.

Video Version

PDF Flip Version





STEWARDSHIP OF ACTIVATE

Our sustainability strategy is supported by a well-defined governance structure that promotes accountability and long-term continuity. The Board of Directors provides strategic guidance and oversight on ESG matters, while the ESG Steering Committee oversees operational execution. Chaired by the Managing Director and comprising cross-functional leadership representatives, the committee facilitates coordination across all business functions. In addition, a dedicated ESG team together with site-level champions ensures that sustainability principles are embedded into everyday decision-making throughout the organisation.

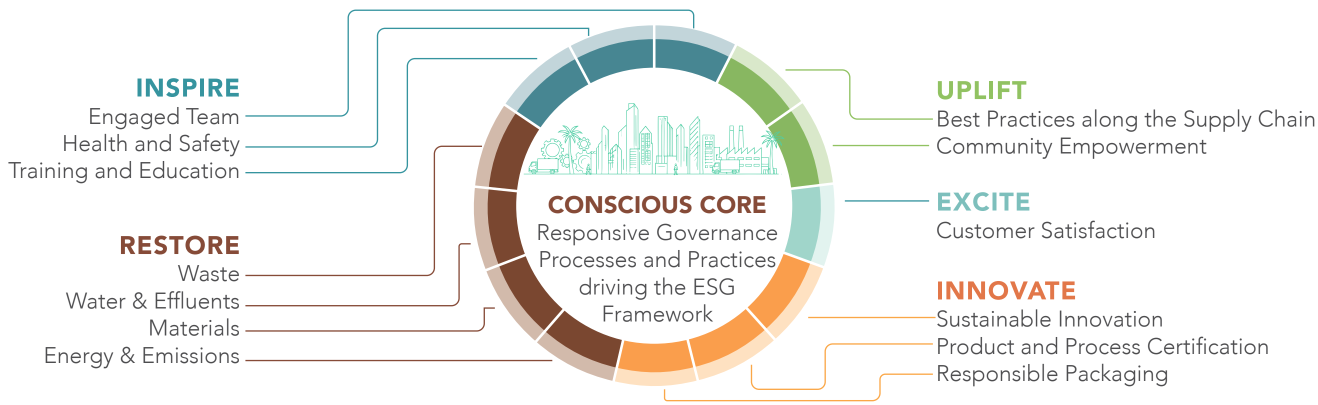
Roles and responsibilities	
Board of Directors	Holds overall responsibility for formulating and driving the Group's sustainability roadmap. The Deputy Managing Director is tasked with overseeing the implementation of ACTIVATE, including identifying and effectively responding to the Group's sustainability and climate-related risks and opportunities.
Audit Committee	Overseas the integrity and reliability regarding sustainability related disclosure and internal control mechanism relating to sustainability data
ESG Steering Committee	Drives the formulation and implementation of ACTIVATE, including oversight of policy, risks, opportunities, initiatives and external commitments. The Committee is led by the Managing Director and comprises representatives from all functions including HR, Finance, Marketing and Sales, Business Development, Procurement, R&D, Manufacturing and Environmental Engineering.
Corporate sustainability and ESG Department	Responsible for operationalising ACTIVATE in collaboration with sustainability champions appointed at all locations

Oversight from Hayleys PLC and alignment with the parent entity's sustainability aspirations

POLICY ARCHITECTURE

Implementation of ACTIVATE is governed by a robust policy framework. Group-specific policies direct ESG factors which present significant risk, are a strategic focus area and/or is a criterion for success in accessing markets. Other factors are governed by the policies of the Hayleys Lifecode, which serves as the minimum standard across all entities of the Hayleys Group.

	Environment	Social	Governance
Haycarb policies	» Material and waste management policy » Energy and emission management policy » Water management policy » Environmental policy	» Human resource policies (For more details refer Human Capital, Governance page 209). » Policies related to other stakeholders » Customer management policy » Procurement policy	» Board and sub-committee charters » Information Technology (IT) policy and security policy » Policy on risk management and internal control » Vendor and third-party management policy » Intellectual Capital Policy
Hayleys Lifecode policies	» Biodiversity conservation policy » Chemical management policy	» Human resource policies » Community relations policy	» Stakeholder engagement » Business data back-up policy



Related SDGs	6 Clean Water and Sanitation, 7 Affordable and Clean Energy, 8 Decent Work and Economic Growth, 12 Responsible Consumption and Production	3 Good Health and Well-Being, 5 Gender Equality, 8 Decent Work and Economic Growth	12 Responsible Consumption and Production, 16 Peace, Justice and Strong Institutions	8 Decent Work and Economic Growth, 10 Reduced Inequalities, 16 Peace, Justice and Strong Institutions	8 Decent Work and Economic Growth
Related UN SDG targets	6.3/4/6, 7.2/3, 8.4, 12.2/4 to 6	3.9, 5.1/5, 8.5/7/8	12.6/8	8.8, 10.2, 16.1/2	8.1 /2/4
Related GRIs	301-1 to 5, 303-1 to 5, 102-1/2/4 to 8, 306-1 to 5	2-7 to 10, 401-1 to 3, 403-1 to 10, 404-1 to 3, 405-1/2, 406-1, 408-1, 409-1	417-1 to 3	203-1, 204-1, 413-1, 414-1/2	-
Link to capitals	Natural Capital Page 170-195	Human Capital Page 206-233	Social and Relationship Capital Page 234-247	Social and Relationship Capital Page 234-247	Intellectual Capital Page 196-205

METRICS, TARGETS AND TRANSPARENCY

Our roadmap extending to 2030 sets out key performance indicators covering areas such as emissions reduction, resource efficiency, employee engagement and community development. These targets are reviewed on a regular basis and are aligned with internationally recognised frameworks including the UN Sustainable Development Goals (SDGs) and Global Reporting Initiative (GRI) standards.

Haycarb's commitment to delivering measurable impact is further strengthened through the introduction of bi-annual sustainability reporting, ensuring transparent communication of progress and accountability to stakeholders. The Sustainability Report highlighted the Group's advancements toward achieving its ESG objectives during the half-year period, and these reports were made accessible through the corporate website.

STAKEHOLDER ENGAGEMENT AND CONTINUOUS PROGRESS

Our ESG journey is founded on strong and collaborative relationships with the stakeholders and partners who contribute to our impact. At Haycarb, we consider stakeholder engagement as an ongoing process of exchanging ideas, fostering innovation and creating shared value, rather than a single interaction.

As a leader in sustainable activated carbon solutions, we actively engage with industry peers, regulators, academic institutions and local communities to develop solutions that address critical environmental and social challenges. These collaborations have helped us promote knowledge sharing, encourage innovation and broaden the positive impact of our initiatives.

Knowledge sharing & capacity building

» Engaged with suppliers through meetings, technical workshops, audits, and evaluations to support sustainable raw material sourcing and operational excellence

» Built collaborative partnerships and maintained regular customer engagement to develop innovative and sustainable products and processes

» Enhanced employee awareness and provided training programs to integrate sustainability across all organisational levels

» Organised meetings and training programs for industry associations to encourage sustainability-focused practices

» Executed CSR initiatives centered on knowledge sharing to improve students' awareness and understanding of sustainability within school communities

» Arranged factory visits for university students to encourage experiential learning and provide industry exposure

Multi-stakeholder initiatives

» Partnership with the Coconut Development Authority and Coconut Cultivation Board to establish the second coconut triangle in Sri Lanka.

» Community-focused programmes such as Sisu Divi Pahana, Puritas Sath Diyawara to support health and nutrition

» Sea turtle conservation in partnership with the Department of Wildlife Conservation

» Supported universities through student engagement initiatives and by facilitating industry visits.

» Partnered with certification bodies to obtain key certifications and memberships (e.g. Eco Label, Responsible Care Council)

» Partnered with United Nations Global Compact (UNGC), Responsible Care Council (RCC) and Biodiversity Sri Lanka (BSL).

Through these initiatives, we continue to strengthen stakeholder engagement and advance our sustainability practices in line with both global priorities and local needs.

RESTORE

We restore the natural world by transforming our relationship with nature using sustainable practices in our manufacturing process and by supporting projects that protect and restore ecosystems.

Key performance indicator	Source of metric used	Baseline (2022/23)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Waste and effluents							
Reduction of solid waste generation (MT per revenue Rs. Mn)	GRI	0.11	0.08 (↓30%)		↓8%	↓10%	↓15%
Reduction of wastewater generation (m^3 per revenue Rs. Mn)	GRI	3.66	5.38 (↑47%)		↓5%	↓7%	↓10%
Materials							
Use of sustainable packaging for raw material packaging	GRI	Purchased 1,000,000 No. of Leno sacks for charcoal intake	Purchased 700,000 - 800,000 bags and sacks - reduction mainly due to increase in usage* of bulk bags (BB's) for charcoal intake.		14%	21%	25%
Water							
Sustainable water sourcing (Litres '000)	GRI		123,171(16%)		6%	7%	10%
Water usage dedicated to reuse and recycling sustainable practices (Litres '000)	GRI		30,483 (4%)		8%	10%	15%
Reduction in Group water intensity (m^3 per revenue Rs. Mn)	GRI	10.66	11.79 (↑10.6%)		↓17%	↓20%	↓30%
Energy and emissions							
Increase in renewable energy use – (%)	GRI		9%		28%	35%	50%
Increase biofuels utilisation (GJ)	GRI	Assessment in progress	-		-	-	-
Reduction in energy intensity (GJ per revenue Rs. Mn)	GRI	19.81	18.44(↓6.9%)		↓6%	↓7%	↓10%
Reduction in Scope 1 and 2 emissions (tCO2e)	GRI	25,952	29,369 (↑7.9%)		↓14%	↓17.5%	↓25%
Maintain mapping of all the direct and indirect GHG emissions of the sector	GRI	Direct and indirect emissions calculated annually.	Direct and indirect emissions calculated annually.		100%	100%	100%

INSPIRE

We inspire our teams to drive positive and meaningful change by providing them with the resources, training and support they need to succeed. We also create a culture of innovation and collaboration that encourages our employees to think outside the box and to come up with new ways to make a difference.

Key performance indicator	Source of metric used	Baseline (2022/23)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Engaged team							
Maximum attrition rate	GRI	5%	14.7%		5%	5%	5%
Coverage of permanent employee performance appraisals	GRI	100%	100%		100%	100%	100%
Training and development							
Mapping of all training requirements across the Group (%)	Non-GRI	100%	100%		100%	100%	100%
Average hours of training per employee per annum	GRI	9 hrs	31.1 hrs		22.3 hrs	29 hrs	40 hrs
Health and safety							
Zero fatalities and reduce work related injuries across all manufacturing facilities. Reduce recordable incident rate Lost time injuries frequency rate	SASB	RIR – 1.8 LTIF – 0.9	RIR – 2.12 LTIF – 1.4		3	11	0 <1
Mandatory health screening for all employees Ensure annual 'Haycarb Health Plan' conducted for all executives (>40 years age) considered at risk.	Non-GRI		Periodic health checks conducted to identify any health issues early on.				

EXCITE

We aim to excite our customers by guaranteeing their satisfaction through the provision of unique products and excellent service. Our goal is to create a positive and memorable customer experience that leaves them wanting to come back for more.

Key performance indicator	Source of metric used	Baseline (2022/23)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Customer management							
Target customer satisfaction	GRI	85%	>90%		>90%	>90%	>90%
Increase in global market share (%)	GRI	16%	Stability in demand				1%

UPLIFT

We uplift our communities and suppliers by working with them to develop meaningful and impactful projects. We believe powering micro, small and medium enterprises (MSME) and entrepreneurs, we can create a more sustainable and equitable supply chain. We also support a variety of local organisations that are working to improve the lives of people in the communities we operate in.

Key performance indicator	Source of metric used	Baseline (2022/23)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Engaged team							
Increase in CSR beneficiaries (Nos)	GRI	>100,000	>135,000 (↑35%)	Achieved	↑28%	↑35%	↑50%
Supplier value creation							
Use of green charcoal as raw material in all manufacturing locations	GRI	42%	61%	Achieved	60%	67%	>75%
Supplier assessments of all suppliers on their environmental and social standards and contributions	GRI	5%	24%	Achieved	25%	30%	40%

INNOVATE

We innovate products and services by investing in research and development, by developing new and innovative products and by using cutting-edge technology to improve our manufacturing and management processes. We are committed to being at the forefront of innovation in the coconut shell activated carbon industry and we believe that our products and services have the potential to make a positive impact on the world.

Key performance indicator	Source of metric used	Baseline (2022/23)	2025/26		Short-term 2027 target	Medium-term 2028 target	Long-term 2030 target
			Progress made*	On track / Achieved / Missed			
Customer management							
Product and process certifications (Nos)	Non-GRI	All mandatory and strategically important certifications obtained.	32	On track			
Sustainable innovation (Rs Mn)	Non-GRI	Continuous efforts to carry out initiatives relating to sustainable innovation.	262	On track			

Achieved ✓ On track Missed

*Progress percentages mentioned here against the ACTIVATE targets are calculated compared to the base year 2022/2023