



NATURAL CAPITAL



At Haycarb, Horizon embodies our vision for a future where business growth and nature thrive together. Through the responsible stewardship of natural capital, we

reduce our environmental footprint, strengthen ecosystem resilience, and create sustainable value for generations to come. By integrating environmental considerations into our decision-making and operations, we enhance long-term resilience, support biodiversity, and contribute to a more sustainable and regenerative future

BRAHMA BALARATNARAJAH
Deputy Managing Director

STRATEGIC ROLE

Natural Capital supports operational resilience through responsible sourcing, environmental stewardship and resource efficiency. Sustainable raw material sourcing, renewable energy adoption and climate-conscious practices remain essential for operational continuity and long-term sustainability.

MANAGEMENT APPROACH

We manage Natural Capital through environmental governance, sustainable sourcing initiatives, renewable energy adoption and continuous monitoring of emissions, waste and resource utilisation, while strengthening water stewardship and circularity-focused practices.

OUR STRATEGIC PRIORITIES IN 2025/26



Strengthening energy resilience and renewable energy transition



Water stewardship and sustainable water sourcing



Sustainable raw material sourcing



Climate action and operational de-carbonisation



Integrated waste management and circularity

PROGRESS MADE IN 2025/26 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

18.4

Energy Intensity
(GJ/Revenue)
ACHIEVED

0.08

Solid Waste
(MT/Revenue)
ACHIEVED

11.8

Water Intensity
(m³/Revenue)
MISSED

16
%

Sustainable Water
Sourced
ACHIEVED


77
%

Energy requirements are met through renewable sources


61
%

Coconut charcoal requirements sourced sustainably


88
%

Non hazardous waste diverted to recycling and reuse


16.4
Rs. Mn

Invested in environment-related CSR

FUTURE OUTLOOK

As climate-related risks and stakeholder expectations intensify, sustainable resource management and climate resilience will become increasingly important. Renewable energy adoption, circularity initiatives and strengthened environmental stewardship will support long-term resilience and responsible value creation.

DIGITALISATION

At Haycarb, we utilise our digital capabilities to enhance the responsible management of our natural resources. By integrating data-driven insights with environmental stewardship, we advance sustainable innovation while safeguarding the ecosystems that underpin our operations.

VALUE CREATED IN 2025/26

- » Improved renewable energy contribution through commissioned solar installation in Sri Lanka.
- » Investment to enhance electricity generation of "Recogen" the Group's own green charcoaling facility involves waste heat recovery.
- » Fuel switching from furnace oil to LPG, where possible improving energy efficiency and reducing emissions.
- » Increased the share of sustainably sourced water through recycling, re-use and rainwater harvesting process across operations.
- » Scaling up of charcoal dust (by product) activation and process optimisation to reduce manufacturing waste.
- » Backward integration to establish proprietary green charcoaling facilities in North Sulawesi and Java, Indonesia.
- » Improved financial quantification of climate related risks and opportunities.

WAY FORWARD

Short Term

- » Extend the coverage of our scope 3 emissions assessment.
- » Monitor progress made on our ESG commitments through internal ESG audits and regular reviews.

Medium and Long Term

- » Progress towards ACTIVATE 2030 environmental aspirations
- » ESG audits and staff training programs will be strengthened to enhance compliance and performance
- » Incorporate sustainability and climate related risk and opportunities to inform company strategy and resource allocation.

49,785

Carbon Footprint (tCO₂e)

11,781

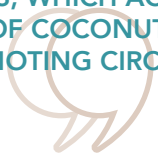
Sea Turtle Hatchlings

>35,000

Coconut trees planted

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OUR PRIMARY RAW MATERIALS COMPRISE COCONUT SHELLS AND COCONUT SHELL-BASED CHARCOAL, WHICH COLLECTIVELY ACCOUNT FOR OVER 70% OF OUR TOTAL RAW MATERIAL REQUIREMENT. THROUGH OUR GREEN CHARCOALING PROGRAMME, HARITHA ANGARA, WE FACILITATE THE RECOVERY OF COCONUT SHELLS ACROSS ALL OUR PRODUCTION LOCATIONS, INCLUDING INDONESIA AND THAILAND, MATERIALS THAT WOULD OTHERWISE BE TREATED AS WASTE. IN SRI LANKA ALONE WE ENABLE RECOVERY OF COCONUT SHELLS DISCARDED BY HOUSEHOLDS, WHICH ACCOUNTS FOR 60% OF COCONUT USAGE, PROMOTING CIRCULARITY.



GOVERNANCE

The 'Restore' pillar of ACTIVATE articulates our commitment to the sustainable management of natural capital through clearly defined policies and time-bound targets aimed at minimising our environmental impacts across materials, waste, energy, emissions, water and effluents. This approach provides a structured and consistent framework through which environmental considerations are integrated into our operational processes, enabling a more disciplined and coordinated response to sustainability priorities.

By establishing clear targets and measurable outcomes, the framework supports ongoing monitoring and continuous improvement, ensuring that progress is systematically tracked and aligned with our broader environmental objectives. It also facilitates a more focused and efficient allocation of resources, directing investments towards initiatives that deliver meaningful environmental benefits.

Collectively, this structured approach has strengthened our ability to enhance the sustainability of our operations, while supporting the effective delivery of our environmental commitments in a manner that is both responsible and aligned with long-term value creation.

MANAGEMENT OF LEGAL AND REGULATORY FRAMEWORK

RT-CH-530a.1

UNGC Principle 7,8

The legal and regulatory framework for managing environmental impacts arising from industrial activity in Indonesia, Sri Lanka and Thailand presently places strong emphasis on water use, effluent discharge, air emissions, waste management and pollution control. In parallel, energy efficiency, greenhouse gas emissions management and climate-related disclosures are increasingly being shaped by evolving policy expectations, customer requirements, voluntary standards and emerging sustainability reporting frameworks. Given the rising significance of environmental and climate-related risks over the next

decade (Global Risk Report 2026, World Economic Forum), new and more stringent environmental requirements are expected to emerge across both operating and export markets, requiring continued monitoring, preparedness and proactive compliance management.

We have adopted a proactive approach to managing our environmental impacts by embedding sustainability into our business strategy through the development and implementation of ACTIVATE, our 2030 ESG Roadmap. Supported by robust governance and effective resource allocation, ACTIVATE has enabled us to make impactful changes to our processes to support more efficient and sustainable operations. This proactive approach strengthens our capacity to comply with potential future regulatory developments while enabling alignment with material sustainability concerns of our stakeholders.

During 2025/26, we complied fully with all relevant environmental laws and regulations in the countries we operate in. Accordingly, no instances of non-compliance with any environmental regulations occurred during the year under review. In addition to regulatory compliance, we have also committed to aligning our operations with the best international practice through numerous voluntary certifications. These include ISO 14001:2015 Environmental Management Systems, ISO 14064-1:2018 Greenhouse Gases, ISO 9001:2015 Quality Management Systems, WQA Sustainability Certification, Eco Label Sri Lanka, and Ethical Trading certification, where applicable across our operations.

We monitor our environmental impacts against the targets set out in ACTIVATE through the Hayleys Group's sustainability data gathering system, which enables monthly collection and review of environmental performance data from manufacturing locations. Quarterly environmental audits further support this process by identifying deviations, assessing root causes and developing corrective action plans to realign performance with established goals. In addition, relevant certification bodies verify our environmental management

framework annually through surveillance and recertification. No instances of non-compliance with any environmental related regulations were reported during the year.

SUSTAINABLE RAW MATERIAL SOURCING

GRI: 301-1, RT-CH-410b.2

Our primary raw materials comprise coconut shells and coconut shell-based charcoal, which collectively account for over 70% of our total raw material requirement. Through our green charcoaling programme, Haritha Angara, we facilitate the recovery of coconut shells across all our production locations, including Indonesia and Thailand, materials that would otherwise be treated as waste. In Sri Lanka alone more than 60% of coconut shells are discarded by households. We enable their recovery, promoting circularity.

Sustainable sourcing of coconut shell-based charcoal continued to be a key strategic focus, with the objective of increasing the

proportion of sustainably sourced charcoal to exceed 75% by 2030.

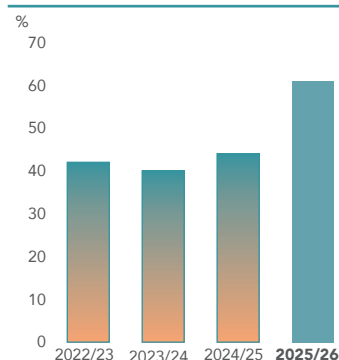
The Green Charcoaling programme (Haritha Angara) continues to support suppliers to shift from conventional open pit charcoaling to a more controlled closed-pit process. Unlike open pit methods, which can release smoke and methane due to incomplete combustion, Haritha Angara directs volatile gases back into the system for combustion. Introduced by Haycarb over a decade ago, the model has now been adopted by almost all suppliers in Sri Lanka, helping improve combustion efficiency, reduce uncontrolled smoke emissions and produce more consistent coconut shell charcoal. Testing carried out on the process confirmed that no methane emissions were detected under the tested operating conditions.

During the year under review, the Group extended its backward integration into charcoaling operations in Indonesia through the Haritha Angara Programme, developing

charcoaling pits in North Sulawesi and Java with an investment of Rs. 272.3 Mn.

This initiative has significantly increased the Indonesian manufacturing operations' reliance on raw materials produced through green charcoaling methods. It represents a meaningful step towards achieving the Group's 2030 target of increasing the proportion of sustainably sourced charcoal.

Sustainable Coconut Charcoal Sourcing



NOTABLE DEVELOPMENTS DURING THE YEAR



- Enhanced coconut shell collection centers in Sri Lanka, with new facilities established in Melsiripura, Mawanella, and Avissawella, increasing supply into the Group's green charcoaling facility, Recogen



- Enhance the use of alternative sustainable raw materials such as Palm shell and candle nut charcoal for the manufacturing process



- Backward integration to establish proprietary green charcoaling facilities in North Sulawesi and Java, Indonesia reducing reliance on the open charcoal supplier market



- Process innovation to enhance the charcoal dust activation enabling greater recovery of by-products and waste



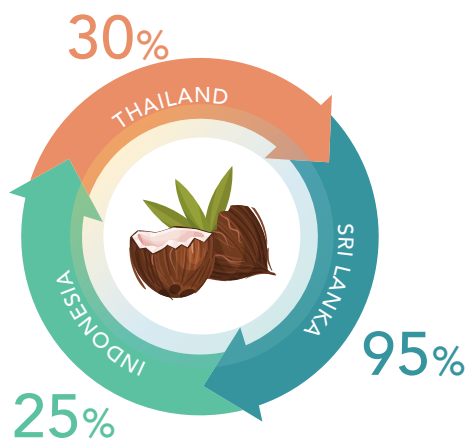
- Continued support for sustainable agricultural initiatives in collaboration with the Coconut Development Authority and the Coconut Cultivation Board, to establish a secondary coconut triangle in Sri Lanka

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RAW MATERIALS SOURCED THROUGH GREEN TECHNOLOGY IN 2025/26

Charcoal requirement met through green charcoaling for each manufacturing location



SRI LANKA

- » Rs. 19 Mn Invested in promoting green charcoaling practices within the supply chain.
- » 433 closed pits were supported for maintenance in 2025/26.
- » 95% of Sri Lanka's charcoal requirement met through green charcoaling.



INDONESIA

- » Established two new green charcoaling plants incorporating backward integration in North Sulawesi and Java Island investing Rs. 272.3 Mn.
- » 25% of Indonesia's charcoal requirement met through green charcoaling.



THAILAND

- » Ongoing provision of technical support to suppliers to promote the adoption of sustainable charcoaling practices.
- » 30% of Thailand's charcoal requirement met through green charcoaling, supported by backward integrated vertical kiln capacity utilisation.

PROPRIETARY GREEN CHARCOALING TECHNOLOGY

RT-CH-130a.1

UNGC Principle 9



Haritha Angara Closed Pit Charcoaling

This technology converts open pit charcoaling to a closed pit unit. As a result, greenhouse gases and harmful gases produced during the process are combusted within the system and are



Vertical Kiln Charcoaling

Vertical kilns convert coconut shells into charcoal by heating them in an enclosed, upright structure with limited air.

These systems require energy only for initiation with subsequent energy requirements fulfilled through the exothermic energy generated during the process. As a result, this technology optimises energy consumption.

The system also combusts harmful greenhouse and harmful gases produced during the process within the system.



Recogen

Recogen utilises a patented technology to convert coconut shells to charcoal while producing electricity from the thermal energy produced during the process.

The greenhouse gases and harmful gases produced during the charcoaling process are combusted within the closed system preventing its release into the environment.

The heat generated during the process is utilised to operate a boiler and steam turbine to generate electricity, a portion of which is consumed internally, with the excess supplied to the National Grid.

476,662 kWh of electricity was supplied to the national grid in 2025/26.

RT-CH-410b.1

Haycarb's non-renewable material consumption comprised primarily of packing materials and chemicals. Given that Haycarb's production process relies primarily on steam activation, chemical usage is limited accounting for less than 0.5% of total input costs. Our products do not contain any substances classified under Category 1 or 2 for health or environmental hazards according to the Globally Harmonised System (GHS) for Classification and Labelling of Chemicals. The Hayleys Life Code Chemical Management Policy guides our approach to the safe storage and handling of chemicals. We also place emphasis on process reformulations to minimise the consumption of chemicals.

The activation of carbon is carried out through heat-based processes; accordingly, the use of chemicals in the activation stage is absent. However, chemicals are required for washing processes associated with certain carbon grades during post-activation value addition. Approximately 80% of total chemical usage is attributable to the chemical washing of water treatment/POU product lines, with the balance utilised in the production of pelletised carbon for air purification and solvent recovery applications.

With the expansion of our market portfolio into value-added carbons; particularly Activated Carbon for Point-of-Use (POU) applications and "Energy Storage Carbons" the Group's requirement for washing chemicals has increased in recent years. Recognising the associated environmental implications, we are actively piloting reduction and substitution initiatives aimed at minimising chemical usage without compromising product quality.

During the year, we implemented targeted process improvements to reduce the use of hazardous chemicals, enhance chemical efficiency, and lower the environmental footprint of operations. Key initiatives include:

» **Perchloric acid reduction in laboratory digestion**

Piloted microwave digestion at Haycarb Madampe to reduce the use of perchloric acid in selected activated carbon testing processes, with plans to extend the method to other Haycarb facilities.

» **Hot water washing for selected wood carbon products**

Introduced hot water washing at approximately 75°C to improve washing efficiency and reduce chemical and water use. Initial results showed a reduction in NH_2OH use from 111 kg to 74 kg per batch, secondary washing water use from 45,000 L to 36,000 L per batch, and shorter washing cycles.

» **ETP chemical optimisation**

Implemented controlled pre-neutralisation of acidic and alkaline effluent streams before final treatment, reducing the need for additional neutralising agents while supporting lower sludge generation and improved treatment efficiency.

Raw material consumption of coconut shells and coconut shell charcoal increased by 22% during the year under review, largely

driven by higher production output and the expanded manufacture of value-added activated carbon grades, which typically require greater conversion and processing intensity. This also included the recovery and reuse of certain by-products following appropriate cleaning and separation processes.

In addition, alternative raw materials such as palm shells, candle nut, and wood were evaluated for suitability in specific applications.

GRI: 301-2,3

No recycled materials were incorporated into the production process and packaging material during the year, and there were no instances of product recalls or returns of packaging materials recorded over the reporting period.

The usage of packing material increased compared to last year. The Group continued to use bulk bags in place of single use bags where applicable to curtail significant increase in packaging.



Raw Material	GRI: 301-1	2025/26	2024/25	% Change
Renewable materials				
Coconut shells (MT)		69,099	52,600	31%
Coconut shell charcoal (MT)		109,397	93,963	16%
Candle nut charcoal (MT)		3,668	2,445	50%
Packing materials* (Nos)		340,546	308,733	10%
Non-renewable materials				
Packing materials* (Nos)		919,038	691,542	33%
Chemicals (MT)		2,014	1,629	24%
Chemicals (Litres)		382,894	1,343,804	-72%

* Only bags and sacks were taken into account

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Targeted usage of green charcoaling 2030 - ACTIVATE

> 75%



Usage of green charcoaling

> 61%



Energy requirements fulfilled through renewable energy sources

> 77%



Invested in solar power generation

Rs. 50.3Mn

ENERGY MANAGEMENT GRI: 103-1

Our approach to responsibly managing our energy footprint is guided by our sustainability strategy. ACTIVATE sets out goals and targets for reducing our reliance

on fossil fuels and improving the energy efficiency of our processes. Our sustained commitment to driving progress on our energy aspirations supports Sri Lanka's commitment to increasing its renewable

energy reliance to 70% and reducing its overall electricity demand by 30,000 GWh by 2035, a goal developed as part of its Nationally Determined Contribution in alignment with the Paris Agreement.

Focused efforts to reduce our energy consumption during 2025/26 included, GRI: 103-2



Oversight of energy consumption

- » Centralised monitoring of electricity and fuel consumption across all manufacturing locations.
- » Monthly reviews by senior management including the Deputy Managing Director to ensure consumption aligns with established goals.
- » Quarterly reviews by the Managing Director.



Energy audits to identify opportunities for energy efficiency improvements

- » Expanded the scope of bi-annual energy audits to identify efficiency improvements across high-energy processes, including post-activation drying, compressed air systems, boilers, steam use and other utility-intensive operations.
- » Prioritised actions based on operational feasibility, expected energy savings and contribution to ACTIVATE energy intensity targets.



Process improvements

- » Continued process optimisation and equipment modifications to improve energy efficiency across production operations, reduce avoidable energy losses and improve operational reliability.
- » Implemented a pilot fuel-switching initiative by replacing LPG use with covered waste heat for selected dryer operations, contributing to lower fossil fuel consumption.



Renewable energy and waste heat utilisation

- » Optimised generation from existing commissioned solar installations in Sri Lanka and progressed the floating solar installation in Thailand, which is expected to strengthen renewable electricity contribution following commissioning.
- » Advanced preparatory work for the planned Recogen turbine capacity enhancement from 1,200 kW to 1,720 kW in FY 2026/27, enabling greater use of waste heat-based renewable electricity in operations.



ENERGY EFFICIENCY HIGHLIGHTS IN 2025/26



Waste Heat Pilot Project 5,400 GJ/year

estimated annual energy
saving through replacing LPG
in a selected dryer process



Solar Generation 5,485 GJ → 11,348 GJ

solar energy generation
from 2024/25 to 2025/26

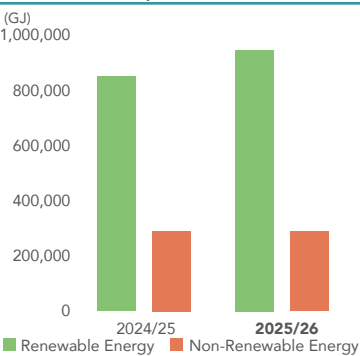


Energy consumption (GJ)	GRI: 103-2-5, RT-CH 130a.1	2025/26	2024/25	Y-o-y % change
Non-renewable sources		289,555	290,821	-0.44%
Furnace oil		69,131	84,784	-18%
Electricity		125,769	120,800	4%
Diesel		37,795	34,659	9%
LPG		55,677	49,404	13%
Petrol		716	771	-7%
Kerosene		467	403	16%
Renewable sources		947,683	850,874	11%
Solar		10,685	4,466	139%
Electricity generated through waste heat (Recogen)		2,855	5,584	-49%
Self-generated energy (Recovered through waste heat)		917,470	840,824	9%
Newly established waste heat utilisation projects		16,674	-	100%
Total energy consumption		1,237,238	1,141,695	8%
% grid electricity consumed		10%	11%	-8%
% renewable sources		77%	75%	2%
Energy intensity (GJ/revenue Rs. Mn)		18.44	26.43	-30%
Energy intensity (GJ/revenue USD Mn)		5,628.64	7,864.95	-28%

Energy consumption was calculated based on type of energy source consumed quantity, density & net calorific value.

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Renewable and Non-Renewable Energy Consumption



Approximately 77% of the Group’s energy requirements are fulfilled through renewable energy sources, significantly reducing its reliance on external non-renewable energy. This is enabled by

- » Waste heat recovery within our production processes, which continues to represent the largest share of the Group’s renewable and recovered energy use.
- » Waste heat recovery for renewable electricity generation through Recogen.
- » Renewable electricity generation through rooftop solar installations.

INVESTMENTS MADE OVER THE PAST YEARS TO EXPAND RENEWABLE ENERGY USAGE AT HAYCARB CONTINUED TO YIELD RESULTS.

Rooftop solar

Rooftop solar installations in Sri Lanka continued to contribute to the Group’s renewable electricity mix during 2025/26, with generation increasing as previously commissioned systems operated for the full reporting year.

Solar energy generation increased from 5,485 GJ in 2024/25 to 11,347.7 GJ in 2025/26, supporting reduced reliance on grid electricity.

Energy consumption (GJ)	2025/26	2024/25	% Change
Renewable energy	947,683	850,874	11%
Non-renewable energy	289,555	290,821	-0.4%
Total Energy	1,237,238	1,141,695	8%



Recogen

Recogen continued to support Haycarb’s renewable energy model by recovering waste heat energy from the charcoaling process to generate steam that is converted to renewable electricity. A portion of this electricity is used within Haycarb’s

operations, while the surplus is exported to the Sri Lankan national grid, supporting the country’s renewable energy transition.

During 2025/26, work was carried out for the planned turbine capacity enhancement from 1,200 kW to 1,720 kW, which is expected



to increase waste heat-based renewable electricity generation in FY 2026/27.

Floating Solar Installation

Haycarb advanced its renewable energy transition in Thailand with the installation of a 1.09 MW floating solar system at Carbokarn, reported as the first initiative of its kind in the Phanat Nikon District. Designed to maximise clean energy generation while optimising the use of available water surfaces, the project supplies approximately 12% of Carbokarn's electricity requirement. This milestone strengthens the site's energy resilience, reduces reliance on grid electricity, and contributes directly to Haycarb's ACTIVATE 2030 commitments on renewable energy adoption and operational decarbonisation.



RE Utilisation for electricity (kWh)	2025/26	2024/25	% Change
Solar	2,967,992	1,240,431	139%
Recogen	793,018	1,551,161	-49%

ENERGY CONSUMPTION AND INTENSITY STATS COMPARED TO LAST YEAR



Increase in total energy consumption

+ 8%



Increase in renewable energy consumption

+ 11%



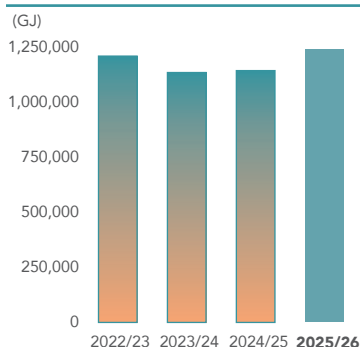
Improvement/reduction in energy intensity

30.21%

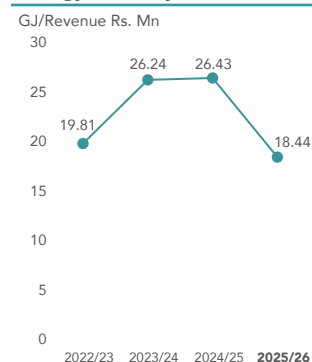
Despite a 8% increase in total energy consumption during the year, Haycarb reduced its energy intensity per revenue from 26.24 GJ/Revenue Rs. Mn to 18.44 GJ/Revenue Rs. Mn, improving beyond the 2022/23 baseline established under

the ACTIVATE energy intensity target. This reflects the Group's ability to support growth while improving energy productivity, particularly as the business continues to shift towards more value-added activated carbon products.

Energy Consumption



Energy Intensity



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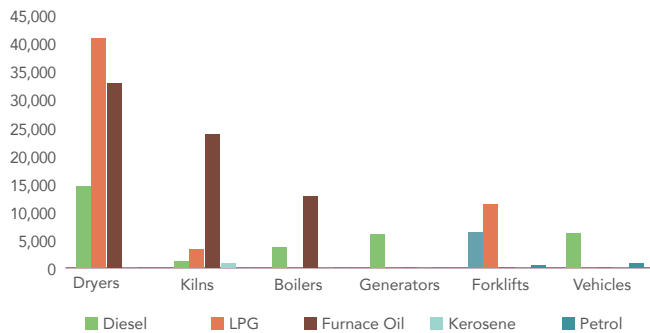
Significant energy consumption within our value chain includes energy consumption for dryers and kilns.

Our energy footprint for 2025/26 is as follows;

Energy Footprint 2025/26	GRI 103-2	UOM	Diesel	LPG	Furnace Oil	Kerosene	Petrol
Dryers		GJ	14,535	40,652	32,751	-	-
Kilns		GJ	1,190	3,335	23,633	463	-
Boilers		GJ	3,615	-	12,747	-	-
Generators		GJ	5,940	-	-	-	-
Fork Lifts		GJ	6,303	11,310	-	-	96
Vehicles		GJ	6,091	-	-	-	485
Miscellaneous		GJ	122	380	-	4	135
Total		GJ	37,795	55,677	69,131	467	716

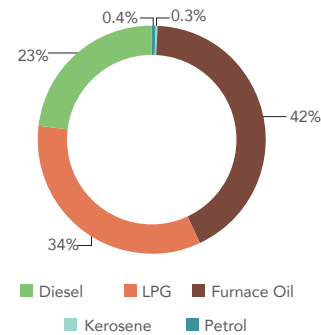
Energy Consumption by Source

(GJ)



Fossil Fuel Energy Consumption

(GJ)



GRI 103-2-B	UOM	2025/26	2024/25	Y-o-y Difference
Purchased electricity consumption	kWh	34,935,753	33,555,612	4%
	GJ	125,769	120,800	4%

GRI 103-2-C	UOM	2025/26	2024/25	Y-o-y Difference
Self-generated renewable electricity consumption (Recogen)	kWh	793,018	1,551,161	-49%
	GJ	2,855	5,584	-49%

GRI 103-2-D	UOM	2025/26	2024/25	Y-o-y Difference
Self-generated electricity sold	kWh	660,825	1,219,549	-46%
	GJ	2,379	4,390	-46%
Recogen Export	kWh	476,662	936,369	-49%
Solar Export	kWh	184,163	283,180	-35%

GRI 103-3

Haycarb has not yet quantified upstream and downstream energy consumption. Management may consider energy quantification in future reporting periods to comply with this early adoption standard. However, related value chain GHG emissions have been quantified separately using applicable emission factors.

CLIMATE ACTION

GRI: 102-1, 2 RT-CH-110a.1, 110a.2

Our operations are vulnerable to climate-related transition and physical risks while the versatility of our product range in delivering on sustainability priorities presents a range of climate related opportunities. During the year under review, Haycarb reviewed its climate-related risks and opportunities to ensure their continued relevance. Based on this assessment, the Group re-defined its climate related risks and opportunities as follows.

- » Climate related transition risks
 - o Policy and legal
 - o Reputation
- » Climate related physical risks
 - o Acute physical risks – Extreme weather events
 - o Chronic physical risks – Rise in temperature, changes to precipitation, water stress and scarcity
- » Climate related opportunities
 - o Products and services
 - o Resilience

Given this context, Haycarb's climate transition plan seeks to reduce the GHG emissions arising from its operations in support of global and local efforts to transition to a low carbon economy. Concurrently, its climate adaptation plan aims to strengthen business resilience to chronic climate related physical risks.



OUR CLIMATE TRANSITION PLAN

The Group's climate transition plan is actioned through ACTIVATE, Haycarb's 2030 ESG roadmap. Underpinned by a robust policy framework, ACTIVATE prioritises emission reduction across all its manufacturing locations while supporting its value chain partners' transition to a low carbon economy through sustainable innovation and supplier engagement.

The Group's emission reduction goals are set out in ACTIVATE, which aligns with our parent company's ESG Roadmap; Hayleys LifeCode. These goals are informed by Sri Lanka's Nationally Determined Contribution to reduce cumulative GHG emissions by 20.09% by 2035 in alignment with the Paris Agreement. Detailed information about our efforts to decarbonise our operations are set out below.



OUR CLIMATE ADAPTATION PLAN

As the physical implications of climate change progressively intensify around the world, the imperative to build resilience continues to increase. While extreme weather events could affect operational continuity, chronic risks of climate change could affect raw material availability, quality and production efficiency with adverse implications on our team and the livelihoods of our supplier network while also impacting the wellbeing of our employees.

Accordingly, we have integrated climate adaptation into our ESG strategy to strengthen business resilience to climate related risks. Data from numerous sources, including scenario analysis as reported in SLFRS Sustainability Reporting (please refer page 63) informed the development of our climate change adaptation plan.

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GOVERNANCE

The Board of Directors and ESG Committee is responsible for the stewardship of the Group's climate transition and climate adaptation plans.

(Please refer Corporate governance, and SLFRS Sustainability Reporting for more information).



POLICY FRAMEWORK



Energy policy



Water Policy



Innovation policy



Procurement policy



STRATEGIC INTEGRATION AND RESOURCE ALLOCATION



Progress is tracked through ACTIVATE milestones and management reviews.



Facility upgrade roadmap



Annual capital expenditure planning

OUR CLIMATE TRANSITION PLAN

GRI 102-1



Increase renewable and circular energy

- » Expand solar power generation at factory premises.
- » Improve renewable electricity generation and export through waste-heat recovery (Recogen).
- » Continue to explore renewable electricity procurement through market-based mechanisms where available and commercially feasible
- » Ongoing emphasis on strengthening waste heat recovery systems.



Sustainable innovation

- » Improve energy intensity and raw material efficiency through R&D and process improvements.
- » Develop activated carbon solutions for purification, emissions control and energy storage applications.



Improve thermal efficiency and reduce fossil fuel dependence

- » Substitute conventional fuels in kilns with steam generated using waste heat recovered from charcoaling operations.
- » Improve energy intensity of our production process.



Supply chain and upstream interventions

- » Promote sustainable charcoaling practices to reduce emissions while strengthening livelihood resilience.



Energy management and continuous improvement

- » Improve site-level energy management practices.
- » Monitor energy performance.
- » Implement energy efficiency initiatives across utilities and production lines.



Capital expenditure incurred for climate transition plan

15%

OUR CLIMATE ADAPTATION PLAN

GRI 102-2

Water stewardship and conservation

- » Improve water efficiency through process optimisation and monitoring.
- » Increase rainwater harvesting, reuse and recycling where feasible.
- » Strengthening monitoring of water withdrawal and discharge to ensure compliance and effective management.

Operational resilience

- » Preventive maintenance and infrastructure upgrades to withstand extreme weather.
- » Contingency planning for power interruptions.
- » Improved drainage and site risk controls where relevant.
- » Review insurance and business continuity measures where relevant.

Worker safety and wellbeing

- » Strengthen heat stress controls for employees.
- » Maintain health and safety protocols for extreme weather conditions.
- » Provide climate adaptation awareness and training.

Supply chain resilience

- » A diversified supplier base across geographic regions.
- » Maintaining mutually beneficial supplier relationships.
- » Strengthening buffer stocks.
- » Raw material diversification where possible.

Sustainable innovation

- » Develop water-efficient processes and reuse systems to reduce exposure to water scarcity.
- » Improve drying, washing and utility systems to perform better under heat and rainfall variability.
- » Use climate risk insights to guide future energy, water, infrastructure and sourcing investments.

**MANAGING CLIMATE ACTION RESPONSIBLY**

Haycarb's climate action plans are shaped not only by operational priorities, but also by insights gathered through stakeholder engagement. As we improve energy efficiency, expand renewable and recovered energy use, strengthen water stewardship and promote sustainable charcoaling, we remain mindful of the potential impacts these changes may have on employees, suppliers, communities and the surrounding environment.

Within our operations, climate-related improvements are implemented through employee engagement, training and safety controls to ensure that teams are supported through changes in processes, equipment and work practices. Where operational transitions are required, we focus on building internal capability, safeguarding

employee wellbeing and minimising disruption to production continuity.

Our supplier network also plays an important role in this transition, particularly in relation to coconut shell charcoal sourcing. Through initiatives such as Haritha Angara and related supplier engagement programs, Haycarb continues to provide technical guidance and support to suppliers as they adopt more sustainable charcoaling practices. Further details are provided under Social and Relationship Capital on page 242.

We also take care to manage the environmental footprint of our climate-related projects. Prior to renewable energy installations, infrastructure upgrades or site-level modifications, relevant screenings and legal requirements are completed to minimise potential impacts on nearby habitats and ecosystems. Overall, our

climate action plans are intended to reduce emissions and resource intensity while complementing biodiversity conservation efforts, including habitat improvement and pollinator-support initiatives at selected locations.

Progress against our environmental commitments is tracked through the ACTIVATE 2030 ESG Roadmap, which is structured around five pillars: RESTORE for environmental stewardship, INSPIRE for employees, UPLIFT for communities and the supply chain, EXCITE for customers, and INNOVATE for products and solutions. Within Natural Capital, emphasis is placed on the RESTORE pillar, including renewable energy, emissions, energy intensity, water stewardship, waste management, circularity and responsible sourcing. Further details are provided in the ACTIVATE ESG Roadmap on page 44.

NATURAL CAPITAL

Climate-related risks and opportunities are assessed separately through the Group's SLFRS S1 and S2 disclosure process, including climate risk mapping, value chain impact assessment, scenario analysis, resilience assessment and evaluation of current and anticipated financial effects. These disclosures provide further detail on

how climate-related risks and opportunities are identified, prioritised, quantified and integrated into strategy, risk management and capital allocation. Further details are provided in the SLFRS S1 and S2 section on page 63.



Haycarb's GHG emissions throughout the years are as follows: GRI: 102-5-7, 2-4

Year	Scope	Emissions (tCO ₂ e)	Biogenic emissions (tCO ₂ e)
2022/23	Scope 1	12,622	41,305
	Scope 2*	14,589	
	Scope 3	2,444	
2023/24	Scope 1	10,903	48,658
	Scope 2*	14,730	
	Scope 3	2,308	
2024/25	Scope 1	13,741	31,429
	Scope 2*	15,403	
	Scope 3	16,457	
2025/26	Scope 1	13,303	105,286
	Scope 2*	16,066	
	Scope 3	20,416	

*Scope 2 emissions have been recalculated from the base year using applicable country-specific grid emission factors

GRI: 102-9, RT-CH - 110a.1, 120a.1

Haycarb monitors Scope 1 and 2 emission intensity using both production-based and revenue-based indicators, enabling a more balanced assessment of emissions performance in relation to operational output and business growth.

GRI: 102 - 9

During 2025/26, emission intensity per revenue reduced from 0.67 tCO₂e/Revenue Rs. Mn to 0.44 tCO₂e/ Revenue Rs. Mn, reflecting improved emissions efficiency relative to revenue generated. Production based emissions increased marginally from 0.60 tCO₂e/MT to 0.61 tCO₂e/MT during the year.

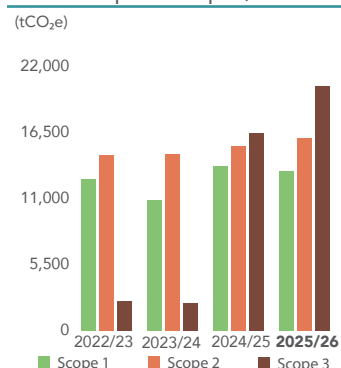
This improvement was supported by the Group's continued focus on renewable and

recovered energy use, energy efficiency initiatives, solar generation and process optimisation. While production-based emission intensity remains slightly above earlier baseline levels, the year-on-year reduction reflects progress in improving the carbon efficiency of operations. The Group will continue to prioritise energy efficiency, fuel switching, waste heat recovery and renewable energy expansion to further reduce emission intensity over time.

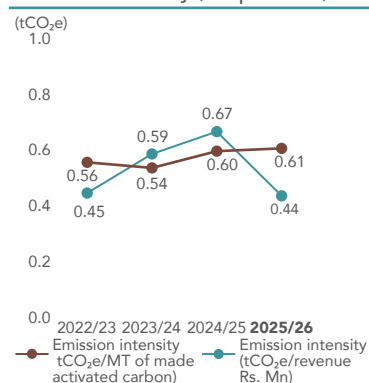
Expanding scope 3 emissions transparency

During the year, Haycarb continued to strengthen the transparency and completeness of its greenhouse gas inventory by assessing Scope 3 emissions across 7 of the 15 categories identified by the GHG Protocol. This reflects the same Scope 3 category coverage as the previous reporting year, enabling greater consistency in year-on-year assessment.

GHG Footprint- Scope 1, 2 & 3



Emission Intensity (Scope 1 & 2)



GREENHOUSE GAS VERIFICATION OPINION

Certificate Code: C913086CU-GHG-02.2026

GHG statement in the reporting year 2025/26 of

Haycarb PLC
No.400, Deans Road, Colombo 10, Sri Lanka

has been verified in accordance with ISO 14064-1:2018 as meeting the requirements of

ISO 14064-1:2018

Control Union Certifications has inspected and verified the unit(s) of the above-mentioned client, in accordance with the standards mentioned and declares that

01 Direct emissions (Scope 1)	13,302.64 tonnes of CO ₂ e
02 Indirect emissions from imported energy (Scope 2)	16,066.10 tonnes of CO ₂ e
03 Other indirect emissions (Scope 3)	20,416.15 tonnes of CO ₂ e
04 Biogenic Emissions (Scope 1)	105,286.28 tonnes of CO ₂ e

Total Verified Greenhouse Gas Emissions: 49,784.89 tonnes of CO₂e

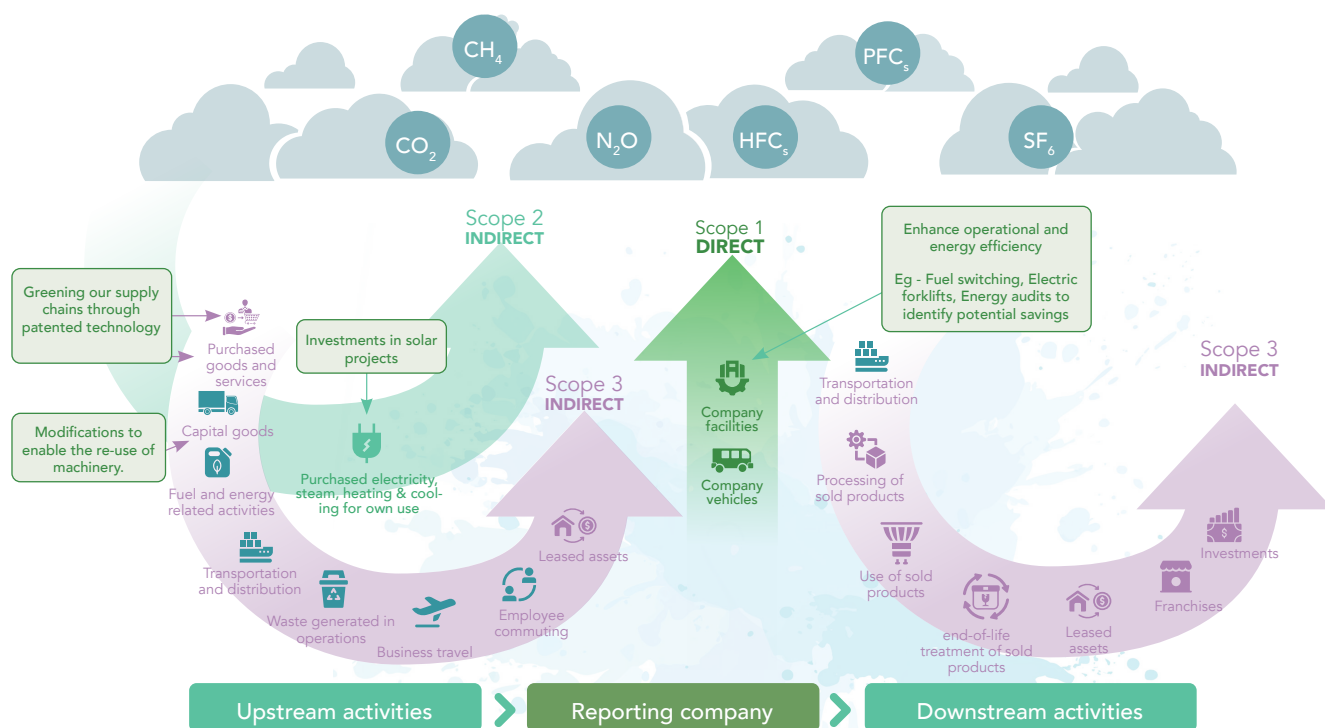
GHG statement covers the operations of twelve (12) months from April 01, 2025, to March 31, 2026

Date of Verification: 06 May 2026
Place and Date of Issue: Colombo 07, 26 May 2026

Declared by: On behalf of the Managing Director
Chathuni
Chathuni Colombaarachchi
Reviewer: Control Union Inspections (Pvt) Ltd
2nd Floor, BAM Musee Tower,
52 Sir Marcus Fernando Mawatha,
Colombo 07, Sri Lanka

This summary is not valid without the Full Assurance Statement attached on pages 2 to 4 to which it applies.

Haycarb obtained third-party verification from Control Union Inspections (Pvt) Ltd for our FY 2025/26 organisational GHG inventory, prepared in accordance with ISO 14064-1:2018.



● 7 categories considered for scope 3 emissions

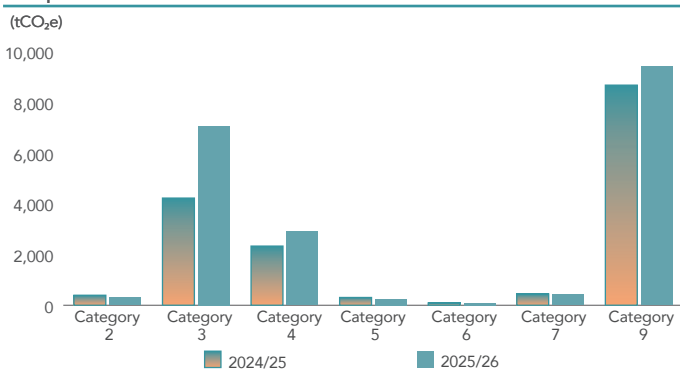
Adaptation of the GHG protocol: Corporate value chain diagram

The categories assessed include capital goods, fuel- and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, and downstream transportation and distribution. This continued category-level assessment improves visibility of emissions across Haycarb's value chain and supports more informed climate risk management, supplier engagement and decarbonisation planning.

Going forward, Haycarb will continue to strengthen Scope 3 data quality and explore opportunities to expand category coverage, particularly in areas where improved supplier, product and downstream data can support more complete value chain emissions reporting. This will also support

for evolving disclosure expectations under SLFRS S1 and S2, GRI and other climate-related reporting frameworks.

Scope 3 Emissions



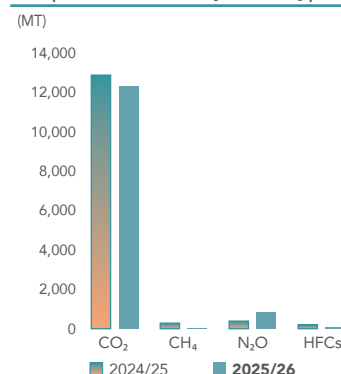
NATURAL CAPITAL



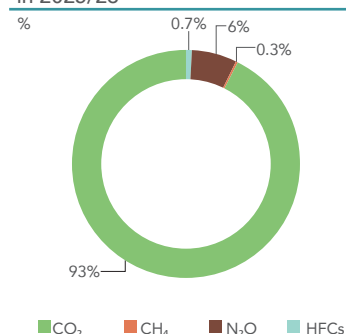
Year	Scope	2024/25 Emissions (MT)	2025/26 Emissions (MT)
Scope 1 GHG emissions	CO ₂	12,875	12,329
	CH ₄	281	39
	N ₂ O	385	861
	HFCs	200	74
	PFCs	0	0
	SF ₆	0	0
	NF ₃	0	0
Total Scope 1 GHG emissions (tCO ₂ e)		13,740	13,303
Scope 2 GHG emissions (location- based)	CO ₂	15,403	16,066
	CH ₄	0	0
	N ₂ O	0	0
Total Scope 2 GHG emissions (location- based) (tCO ₂ e)		15,403	16,066

*Scope 2 emissions have been recalculated from the base year using applicable country-specific grid emission factors

Scope 1 Emissions by GHG Type



Scope 1 Emissions by GHG Type in 2025/26



GRI: 102-9, 10

The Group does not currently undertake GHG removals within its value chain. Moreover, given the Group's present focus on reducing direct GHG emissions, carbon credits were not utilised to offset its GHG emissions in 2025/26.

GRI: 102-4

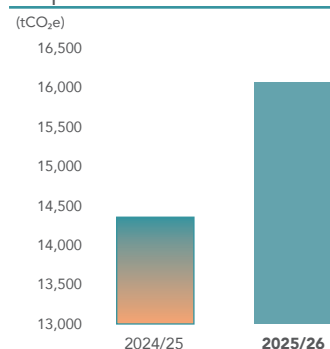
The Group's Scope 1 and Scope 2 GHG performance targets are disclosed under the ACTIVATE 2030 ESG Roadmap section of this Report on page 44.

RT-CH - 120a.1

We manage our manufacturing operations in compliance with applicable environmental

regulations, licence conditions and site-level air emission requirements. Across our operations, we use emission control systems, including dust extraction and process-specific pollution control mechanisms, to manage particulate matter and regulated air pollutants such as NOx and SOx. NOx and SOx emissions are monitored periodically in line with regulatory requirements, permit conditions and operational needs, with available monitoring results indicating compliance with applicable limits. VOCs, POPs and HAPs generated through relevant process streams are managed through high-temperature thermal destruction, supporting the prevention of significant air pollution. We also do not engage in the import or export of ozone-depleting substances.

Scope 2 GHG Emissions



WATER AND EFFLUENT MANAGEMENT

GRI 303-1-5, RT-CH-140a.1, 140a.2, 140a.3

Haycarb's interaction with water is primarily for its production process, employee consumption and ancillary operational needs across its manufacturing facilities. Water is obtained from multiple sources, including surface water, ground water, municipal water supplies and rainwater harvesting systems.

Haycarb conducts water risk assessments annually across its manufacturing locations using the World Resources Institute's Aqueduct Water Risk Atlas. The assessment considers baseline water stress, seasonal

variability, flood risk and drought risk at site and regional level, supporting water stewardship and climate adaptation planning.

The 2025/26 assessment indicated that water stress exposure remained broadly consistent with the previous year. Approximately 82% of the Group's total water withdrawal and consumption was from operations in areas assessed as High or Extremely High baseline water stress, excluding rainwater-dependent operations monitored separately due to their lower reliance on groundwater, surface water or municipal sources.

We are committed to the responsible consumption of water within our operations. Consistent with this commitment, targets for the sustainable consumption of water has been incorporated into our ESG strategy, with an emphasis on reducing freshwater withdrawal, improving water intensity and increasing reuse and recycling of wastewater. Findings from the annual water risk assessments inform internal water planning and management initiatives. Key measures implemented across our operations to support sustainable water consumption include,

HIGHLIGHTS IN 2025/26

GRI: 303-1-5, RT-CH-140a.1, 140a.2, 140a.3



92.7ML

Rainwater harvested
(+35% compared to
2024/25)



30.5ML

Water recycled and
reused (+86%
compared to 2024/25)



14%

Increase
in water withdrawn
compared to 2024/25



100%

water requirement at the
Shizuka factory sourced
through harvested rainwater

RAINWATER HARVESTING AND SHIZUKA WATER RESILIENCE

Haycarb strengthened alternative water sourcing during 2025/26, with 92,688 m³ of rainwater harvested across operations, a 35% increase compared to 2024/25. This was supported by continued rainwater harvesting practices at the Shizuka factory, where 100% of the site's water requirement was met through harvested rainwater during the year, reducing reliance on external freshwater sources.

WATER RECYCLING AND REUSE

Water recycling and reuse increased to 30,483 m³ in 2025/26, an 86% increase compared to 2024/25. This improvement was supported by the operation of the RO system, which enabled treated water to be

reused not only for gardening and auxiliary uses, but also in selected process applications, improving circular water use across operations.



NATURAL CAPITAL

HOT WATER WASHING FOR IMPROVED WATER EFFICIENCY

Haycarb continued to pilot hot water washing for selected wood carbon products to improve washing efficiency and reduce water requirements. Under this method, acid is added to deionised hot water at approximately 75°C, improving washing effectiveness within a shorter cycle time and reducing the water required for secondary washing.

The pilot reduced secondary washing water use from approximately 45,000 litres to 36,000 litres per batch, while also reducing washing cycle times from around 24 hours to 15 hours for primary washing and 22 hours to 15 hours for secondary washing. The project also supports chemical reduction objectives, including lower NH_2OH use per batch, which is discussed further under the Raw Materials section of this Report.

WATER WITHDRAWAL

Total water withdrawal increased by 14% during 2025/26, mainly reflecting higher production-related water demand and changes in the Group's product mix. In particular, the increased production of energy storage carbon grades contributed to higher water requirements, as these products require more intensive washing to meet specific quality and performance specifications.

While overall withdrawal increased, responsible water management remains a critical priority for Haycarb. The Group continued to manage higher water demand through rainwater harvesting, RO-enabled recycling and reuse, process-level monitoring and site-level efficiency measures. Water availability is also addressed as a material climate-related risk under CRRO 2: Physical Water Stress Affecting Water Availability for Activated Carbon Production in the SLFRS S1 and S2 section on page 63.

Water withdrawal by source GRI: 303-3

Source	UOM	2025/26	2024/25	Y-o-Y change
Surface water	ML	325	424	-23%
Ground water	ML	364	196	86%
Municipal water	ML	9	8	18%
Rainwater	ML	93	69	35%
Third party drinking water	ML	0.15	0	
Total	ML	791.15	697	14%

For reporting purposes, total water withdrawal is considered equivalent to total water consumption, as all withdrawn water is assumed to be consumed within operations.

Water discharge by destination GRI: 303-4

UOM	2025/26
Surface water	ML 276
Land applications	ML 81
Seawater	ML 4
Total discharge	ML 361

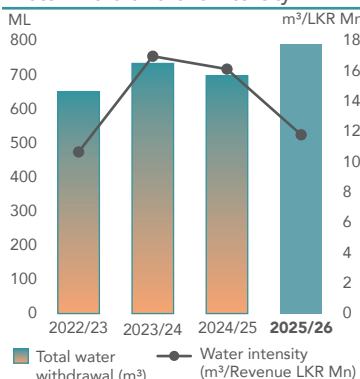
During the year under review, a deeper evaluation of water sources utilised by third-party suppliers led to a more accurate classification of the Group's water withdrawal by source, resulting in notable changes to its surface water and ground water withdrawal percentages.

WATER CONSUMPTION AND WATER INTENSITY TRENDS GRI: 303-5

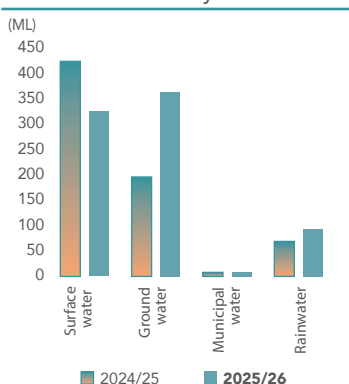
Total water consumption increased from 697 ML in 2024/25 to 791 ML in 2025/26, mainly due to higher production requirements and the increased share of value-added activated carbon grades, including energy storage carbons, which require more intensive washing.

Despite this increase, water intensity improved from 16.12 m³/Revenue Rs. Mn to 11.79 m³/Revenue Rs. Mn, reflecting improved water productivity relative to revenue generation, supported by higher-value product mix, rainwater harvesting, RO-enabled reuse and process-level efficiency measures.

Water Withdrawal and Intensity



Water Withdrawal by Source

EFFLUENT MANAGEMENT RT-CH 140a.2

We have established effluent treatment plants at all manufacturing locations to treat wastewater generated from our operations prior to its responsible discharge. Treatment of effluents complies with all relevant environmental regulations and standards specified by the environmental authorities in the countries we operate in. No incidents of non-compliance related to discharged water quality was recorded in 2025/26.

Aligned with our focus on reducing freshwater withdrawal, we continued to recycle and reuse treated wastewater for non-potable purposes such as gardening and site landscaping. During 2025/26, the operation of RO systems further enabled treated water to be reused in selected process applications, strengthening circular water use within our operations.

WASTE GRI: 306-1 to 5 RT-CH-150a.1

Our commitment to responsible waste management is guided by the waste hierarchy approach with emphasis placed on prevention, re-use and recycling. Consistent focus on process optimisation, reuse and recovery initiatives continue to support resource efficiency and the reduction of waste generated from our production process.

Key measures implemented in 2025/26 to support responsible waste management include,

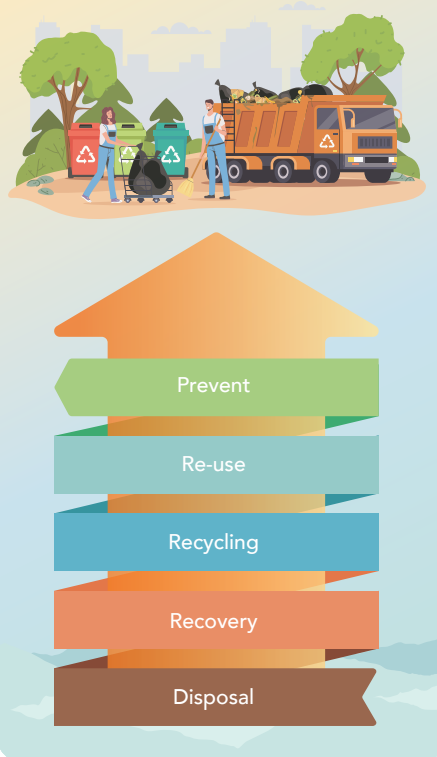
- » By-product activation.
- » Process optimisation initiatives to reduce rejects, fines, and material losses.
- » Reuse and recovery of suitable by-products within production cycles.
- » Segregation of waste streams at source to improve recycling outcomes.
- » Reduction of packaging waste through material optimisation and supplier collaboration.
- » Responsible disposal of non-recoverable waste in line with regulatory requirements

Waste-related data is collected and monitored at site level through standardised internal reporting mechanisms. Data is tracked by waste type, quantity, treatment method, and disposal route, supported by weighbridge records, contractor invoices, and internal logs. Waste data is consolidated periodically for management review, sustainability reporting, and performance tracking, ensuring consistency with reporting frameworks and internal governance requirements. Trends are monitored over time to identify opportunities for further waste reduction and circularity improvement.

Waste water Discharged

Effluent (ML) GRI: 303-4	2025/26	2024/25	Y-o-Y change
Industrial waste water	305	315	-3%
Non industrial waste water	52	51	1%
RO discharge	4	0	100%
Total waste water discharged	361	366	-1%

WASTE MANAGEMENT HIERARCHY



ensure compliance with contractual, legal and environmental requirements include,

- » Verification of valid operating licenses and permits.
- » Review of waste handling, transport, treatment, and disposal methods.
- » Contractual obligations requiring compliance with applicable legislation.
- » Periodic reviews and audits where applicable, supported by waste transfer records and disposal documentation.

We engage with licensed third-party waste management service providers for the responsible disposal of waste. Due diligence conducted on these service providers to

NATURAL CAPITAL

Our waste related performance for 2025/26 is presented below

Waste (MT)	2025/26	2024/25	Y-o-y % change
Total Waste Generated	5,042	5,112	-1%
Amount of non-hazardous waste generated	4,924	4,922	0%
Waste diverted from disposal	4,397	4,461	-1%
Composted*	69	1,423	-95%
Recycled	3,816	746	411%
Reused	512	2,292	-78%
Waste directed to disposal	527	461	14%
Landfill**	470	456	3%
Energy Recovery	57	5	966%
Amount of hazardous waste generated	118	190	-38%
Waste diverted from disposal	6	10	-43%
Recycled***	5	9	-48%
Reused	1	1	4%
Waste directed to disposal	112	179	-37%
Incineration****	2	2	21%
Energy Recovery****	110	178	-38%
% Recycled (Non Hazardous)	77%	15%	411%

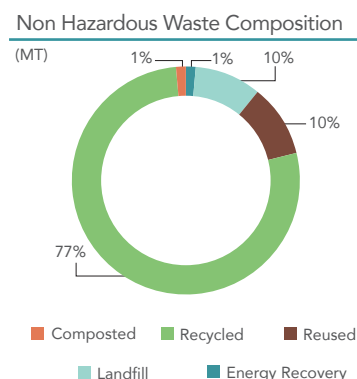
*Food and gardening waste are sent for composting.

**Landfilled waste mainly includes clinker, slag residue and municipal waste.

***Recycled hazardous waste includes e-waste and other applicable streams.

****Hazardous waste directed for incineration and energy recovery is sent to authorised, compliant institutions

Improved waste classification accuracy led certain materials previously reported as reused to be reclassified as recycled. Energy recovery was also separately disclosed for both years, improving consistency, comparability and transparency in reporting non-hazardous waste management streams.



At Group level, Hayleys LifeCode sets out biodiversity-related commitments and targets that guide the broader environmental stewardship agenda of the Hayleys Group. While Haycarb does not currently maintain a standalone company-level biodiversity target under ACTIVATE, biodiversity considerations are integrated into our Natural Capital management approach through responsible sourcing, water stewardship, climate resilience, site-level habitat initiatives and community-based conservation programs.

Water-related ecosystem dependencies and risks are assessed through the Group's annual water risk assessment process using the WRI Aqueduct Water Risk Atlas. This assessment considers baseline water stress, seasonal variability, flood risk and drought risk across manufacturing locations, and is discussed further under Water and Effluent Management.

OUR BIODIVERSITY MANAGEMENT APPROACH

GRI: 101-2

Haycarb applies a precautionary and mitigation-based approach to biodiversity management, focusing on avoiding and minimising adverse impacts where possible,

BIODIVERSITY

BIODIVERSITY AND ECOSYSTEM STEWARDSHIP

GRI: 101-2, 8

Haycarb recognises that its operations and value chain are connected to natural ecosystems across Sri Lanka, Thailand and Indonesia, where the Group operates manufacturing facilities and sources coconut shells and coconut shell charcoal. While Haycarb does not operate within formally designated protected areas, certain operations and value chain activities are located in regions characterised by tropical ecosystems, agricultural landscapes and coastal environments that support biodiversity, ecosystem services and local livelihoods.

The Group's biodiversity-related impacts arise primarily from land use associated with manufacturing operations, water withdrawal and discharge, emissions, waste generation and upstream raw material sourcing. These impacts are managed through environmental compliance, site-level monitoring, internal environmental audits, supplier engagement, operational controls, and project-level screenings.

Haycarb's business model is also dependent on ecosystem services, particularly the availability of coconut shells as a renewable raw material and water required for production, washing and ancillary operations. The resilience of agricultural systems, rainfall patterns, soil health and water availability therefore remain important to long-term raw material security and operational continuity.



Approach	How Haycarb applies it	Related initiatives
Avoid	Environmental screenings and regulatory approvals are carried out prior to site-level modifications, infrastructure upgrades and renewable energy installations to avoid or minimise potential impacts on surrounding ecosystems.	Project-level environmental screening, compliance with environmental approvals, site-level planning.
Minimise	Operational impacts are managed through pollution prevention, water stewardship, effluent treatment, waste segregation, emissions management, and environmental audits.	ETPs, RO systems, waste management, ISO 14001, energy and emissions reduction.
Restore / enhance	Selected operational spaces are enhanced through green areas, pollinator gardens, ecological buffers and use of compost and recycled water.	Pollinator gardens at Madampe and Badalgama, green spaces in Thailand, vegetation initiatives.
Conserve	Haycarb supports species and habitat conservation beyond its operational boundaries through targeted partnerships.	Behold the Turtle program with the Department of Wildlife Conservation.
Strengthening ecosystem resilience	Value-chain initiatives support coconut cultivation, farmer resilience, and long-term raw material availability.	Eastern Province coconut seedling distribution, Sustainable Charcoaling initiatives such as Haritha Angara and supplier engagement.

Haycarb PLC does not currently use biodiversity offsets.

while supporting habitat enhancement and conservation initiatives where feasible.

BEHOLD THE TURTLE: SUPPORTING SEA TURTLE CONSERVATION

GRI: 101-2

Haycarb's Behold the Turtle program continued to support sea turtle conservation in Sri Lanka through its long-standing partnership with the Department of Wildlife Conservation. The initiative contributes to the protection of sea turtle nesting sites, safeguarding of eggs, assisted release of hatchlings, maintenance of hatchery facilities, and systematic recording of nesting and hatching data.

During the 2025/26 season, the program recorded 150 nests and protected 16,545 eggs, the highest number of eggs recorded since the commencement of the initiative. A total of 11,781 hatchlings were released to the sea during the year. The season also recorded higher sand temperatures, which presented additional challenges for hatchling success and nest management. Hatchling outcomes may vary from season to season due to natural factors such as sand

temperature, weather patterns, predation and nest viability.

In December 2025, conservation activities were relocated to Peanut Farm Beach, south of Arugam Bay, to strengthen site-level conservation efforts in a high-priority nesting area. The program continued to be implemented in line with its established objectives, supported by employee volunteer

participation and the sustained collaboration of the Department of Wildlife Conservation.

Through Behold the Turtle, Haycarb contributes to biodiversity conservation beyond its operational boundaries, reinforcing the RESTORE pillar of the ACTIVATE 2030 ESG Roadmap and supporting broader ecosystem stewardship in coastal habitats.



NATURAL CAPITAL



Behold the Turtle: Conservation Progress:

Season	Year	No. of eggs protected	No. of hatchlings released
Season 1	2020/21	4,048	2,051
Season 2	2021/22	2,024	1,200
Season 3	2022/23	5,635	3,969
Season 4	2023/24	10,894	4,223
Season 5	2024/25	15,725	10,467
Season 6	2025/26	16,545	11,781

Note: Nest-level data was recorded for the 2025/26 season, during which 150 nests were recorded. Hatchling release numbers may vary across seasons due to natural conditions such as sand temperature, weather patterns, predation and nest viability.

Through this initiative, Haycarb contributes to the protection of marine biodiversity and coastal ecosystems beyond its operational footprint.

SUPPORTING COCONUT CULTIVATION IN THE EASTERN PROVINCE

GRI: 101- 2, 8

As part of Haycarb’s commitment to strengthening raw material resilience and supporting rural livelihoods, the Group continued its coconut seedling distribution initiative in the Eastern Province of Sri Lanka. Implemented in partnership with the Coconut Cultivation Board, the program supports

national efforts to expand coconut cultivation beyond the traditional Coconut Triangle, including the development of coconut-growing areas in the North and East.

Under this initiative, Haycarb supports farmers by bridging the cost gap after the Government subsidy, enabling coconut seedlings to be provided to farmers free of charge. This model strengthens farmer participation by reducing the upfront cost of cultivation, while supporting the long-term expansion of coconut planting in areas with suitable agricultural potential.

During the year, the program supported 784 farmers across Ampara and Batticaloa,



SUPPORTING COCONUT CULTIVATION IN THE EASTERN PROVINCE



Farmers supported

784



Districts covered

Ampara and Batticaloa



Coconut seedlings distributed

35,786



Farmer-owned land supported for coconut planting

558 Acres



Implementation partner

Coconut Cultivation Board

distributing 35,786 coconut seedlings for planting across approximately 558 acres of farmer-owned land. In addition to supporting farmer livelihoods, the initiative contributes to the long-term resilience of Haycarb’s coconut-based value chain by encouraging the establishment of future coconut cultivation capacity in Sri Lanka.

The latter part of the year presented implementation challenges, particularly following Cyclone Ditwah, which caused widespread flooding, landslides and agricultural disruption across Sri Lanka. The cyclone affected all districts and created significant challenges for agricultural recovery and replanting, including nursery and seedling management.

Despite these conditions, Haycarb and its partners continued to progress the programme, reflecting the Group's commitment to long-term value chain resilience, farmer support and environmental stewardship under the UPLIFT and RESTORE pillars of the ACTIVATE 2030 ESG Roadmap.

While primarily focused on strengthening raw material resilience and farmer livelihoods, the initiative also contributes to maintaining vegetative cover and supporting agro-ecosystems in emerging coconut-growing regions.

EMBEDDING BIODIVERSITY WITHIN INDUSTRIAL LANDSCAPES

GRI: 101-2

Haycarb continued to strengthen site-level biodiversity initiatives during the year, with

a focus on integrating nature-based spaces within operational environments. These initiatives support the RESTORE pillar of the ACTIVATE 2030 ESG Roadmap by improving ecological value at selected sites, while also encouraging employee engagement with environmental stewardship. For more information on ACTIVATE ESG Roadmap please see page X

At the Madampe and Badalgama sites, pollinator gardens were maintained as functional habitats for butterflies, bees and other indicator species. The Madampe pollinator garden repurposed an underutilised area into a living ecological buffer using native and adapted plant species, recycled water and compost generated on site. In addition to supporting pollinator activity, the presence and diversity

of these species provide a practical, low-tech indication of site-level environmental conditions, complementing formal environmental monitoring systems.

In Thailand and Indonesia, vegetable gardens and green spaces continued to be maintained within factory premises, supporting local biodiversity while strengthening employee connection to food systems, land stewardship and resource-conscious practices. Together, these initiatives demonstrate how manufacturing sites can contribute to ecological value alongside core production activities.

Key Site Level Initiatives

Initiative	Location	Key contribution
Pollinator gardens	Madampe and Badalgama, Sri Lanka	Support habitats for butterflies, bees and other pollinator species within industrial premises
Ecological buffer using native and adapted plants	Madampe and Badalgama, Sri Lanka	Repurposes underutilised space while using recycled water and site-generated compost
Vegetable gardens and green spaces	Thailand operations	Support local biodiversity and employee engagement with food systems and land stewardship
Recycled water and compost use	Selected sites in Sri Lanka, Thailand and Indonesia	Strengthens circular resource use in maintaining biodiversity spaces

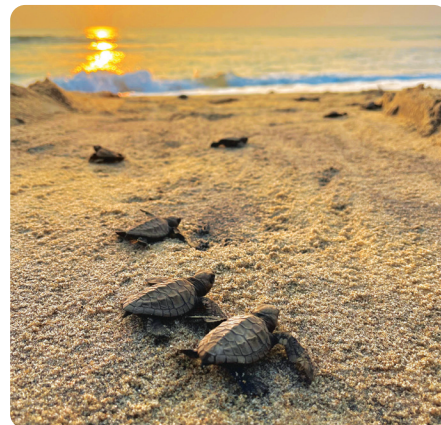
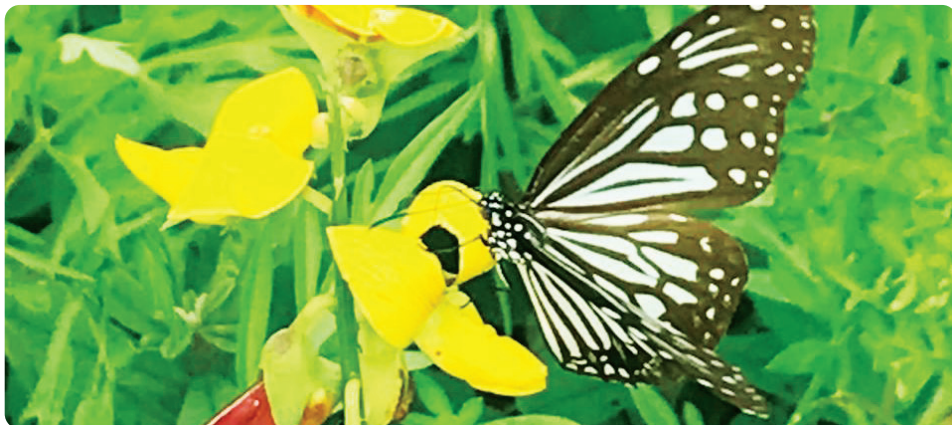
These initiatives support habitat creation at site level and demonstrate how operational spaces can incorporate ecological value alongside industrial activity.

HAYCARB'S KEY ECOSYSTEM SERVICE DEPENDENCIES AND CONTRIBUTIONS

GRI: 101-8

Ecosystem service category	Relevance to Haycarb	How it is addressed
Provisioning services	Coconut shells and coconut shell charcoal are key renewable raw materials for activated carbon production. Water is also required for production, washing, and ancillary operations.	Responsible coconut shell and charcoal sourcing, supplier engagement, coconut seedling distribution in the Eastern Province, rainwater harvesting, RO-enabled water reuse and water risk assessment using WRI Aqueduct.
Regulating services	Climate regulation, water regulation, soil stability and coastal protection influence raw material availability, operational resilience and community wellbeing.	Renewable and recovered energy use, emissions reduction initiatives, water stewardship, effluent treatment, sustainable charcoaling and climate adaptation planning.
Supporting services	Pollination, soil health and habitat quality support agricultural productivity and ecosystem resilience across coconut-growing landscapes.	Pollinator gardens, ecological buffers, native/adapted planting, compost use, recycled water use and coconut cultivation support.
Cultural services	Coastal ecosystems and biodiversity contribute to conservation awareness, employee engagement and community connection to nature.	Behold the Turtle program, employee volunteer participation, environmental awareness and site-level green spaces.

NATURAL CAPITAL



WAY FORWARD

While Haycarb does not currently maintain a standalone company-level biodiversity target under ACTIVATE, it contributes to the broader biodiversity direction set

by Hayleys LifeCode and continues to integrate biodiversity considerations into responsible sourcing, water stewardship, climate resilience, circularity and site-level habitat enhancement initiatives.

Going forward, Haycarb will explore opportunities to strengthen biodiversity monitoring, enhance site-level initiatives and progressively define more site-relevant indicators, including practical measures for tracking habitat enhancement and ecosystem condition where feasible

NATURAL CAPITAL CONNECTIVITY

1. STRATEGIC PRIORITIES ENABLED

- » ESG Mindset
- » Strengthen Global Supply Chain
- » Innovation-Led Growth
- » Market Growth
- » Purpose-Driven & Committed Teams

Key Strategic Focus Areas

- » Renewable energy transition
- » Climate adaptation & resilience
- » Sustainable sourcing
- » Water stewardship
- » Circularity & waste reduction

2. MATERIAL TOPICS CONNECTED

- » M11 Energy Consumption
- » M10 Emissions & Air Quality
- » M1 Materials
- » M12 Environmental Impacts in Supply Chain
- » M16 Water Discharge & Effluents
- » M2 Regulations & Compliance
- » M6 Technology & Product Innovations
- » M17 Operational Safety & Emergency Preparedness

3. RISKS & OPPORTUNITIES CONNECTED

Principal Business Risks

- » PBR1 Raw Material Procurement
- » PBR 3 Compliance Risk

SRROs / CRROs

- » SRRO 1: Environmental Compliance and Regulatory Tightening Risk
- » CRRO 1 Climate Risk to Raw Material Supply
- » CRRO 2 Physical climate-related water risk
- » CRRO 3 Scaling Renewable Energy Adoption

Strategic Responses

- » ACTIVATE 2030 ESG Roadmap
- » Renewable energy expansion
- » Green charcoaling integration
- » Climate adaptation planning

4. CAPITAL CONNECTIVITY

Financial Capital	Intellectual Capital	Human Capital	Social & Relationship Capital	Natural Capital	Digital Capital
Supports sustainability investments and renewable energy transition	Improves operational efficiency and resilient infrastructure	Supports sustainable innovation and process optimisation	Supports climate awareness, safety and workforce resilience	Strengthens supplier engagement and community stewardship	Supports environmental monitoring and climate data management

5. CAPITAL TRADE-OFFS

Strategic Initiative	Capital Strengthened	Capital Potentially Pressured	Nature of Trade-Off
Renewable energy investments	Natural Capital / Manufactured Capital	Financial Capital	Higher short-term capital expenditure
Green charcoaling expansion	Natural Capital / Social & Relationship Capital	Financial Capital	Longer investment payback periods
Water recycling and reuse systems	Natural Capital / Manufactured Capital	Financial Capital	Increased operational and maintenance costs
Climate adaptation infrastructure	Manufactured Capital / Natural Capital	Financial Capital	Higher resilience investment requirements
Sustainable sourcing initiatives	Natural Capital / Social & Relationship Capital	Manufacturing Capital	Supplier transition and sourcing complexity

6. LONG-TERM VALUE CREATION

» Enhanced climate resilience	» Improved renewable energy utilisation
» Stronger raw material sustainability	» Reduced environmental footprint
» Improved water stewardship	» Enhanced supply chain resilience
» Better regulatory readiness	» Improved operational efficiency
» Strengthened stakeholder trust	» Long-term sustainable growth

CONTRIBUTION TO SDG's

