# STRATEGY AND RESOURCE ALLOCATION

**WE WILL CONTINUE PROGRESSING TOWARDS FULFILLING OUR CORPORATE PURPOSE OF CREATING VALUE AND TRANSFORMING LIVES, WHILE BUILDING A SUSTAINABLE AND PROSPEROUS FUTURE FOR HAYCARB AND ALL ITS STAKEHOLDERS.**

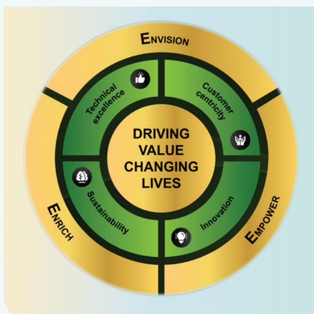
Our strategy is driven by our vision and purpose, focusing on aligning our key strengths with emerging external opportunities while proactively managing potential risks. This approach allowed us to respond effectively to the challenging operating environment during the year, informing strategic decisions and resource deployment to create sustainable value for our stakeholders.

## DRIVERS OF OUR STRATEGIC PLANNING PROCESS

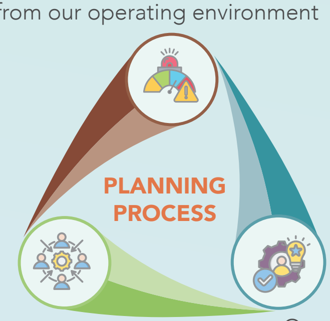
### OUR VISION

To be the leading global brand for Coconut Activated Carbon and a leading provider of water purification systems in the region renowned for technical excellence, customer centricity, innovation and sustainability.

### OUR PURPOSE




### ACTIVATE – OUR 2030 ESG ROADMAP


Market growth

Innovation led growth

Strengthen global supply chains

Purpose-driven and committed teams

ESG mindset

## STRATEGY ENABLERS

- CORPORATE GOVERNANCE AND ROBUST RISK MANAGEMENT
- NPD PROCESS AND OPERATIONAL EXCELLENCE
- DIGITALISATION
- MAXIMISE CUSTOMER VALUE ELEMENTS
- ESG ROAD MAP

## MARKET GROWTH

### STRATEGIC INTERVENTIONS IN 2025/26

- Expanded market presence in Asia, Africa, USA and South America through strategic business development, marketing initiatives and deep customer engagement.
- Strengthened customer engagement to transparently communicate supply chain-related challenges to secure their continued support.
- Maintained strategic emphasis on increasing the revenue share of the value-added activated carbon range, with specific emphasis on energy storage, water and air purification applications. This entailed,
  - Strategic business development and customer engagement.
  - Strategic R&D to drive new product development and product customisation for superior performance.
  - Capacity enhancement for energy storage carbon production and other value added carbon products including PFAS removal carbons.
- Expanded production capacity by over 1,700 MT across production locations to fulfil growing market demand.
- Commenced construction of the new manufacturing plant in the Philippines. The new plant will enhance production capacity by 7,500 MT and is expected to commence phased operations in 2027/28.
- Leveraged technology and digitalisation to enhance the strategic decision-making process, strengthen customer engagement, improve operational excellence, and enhance our safety environment.

Environmental Engineering Segment:
Ongoing efforts to capture new opportunities in Sri Lanka and the Maldives while driving market expansion into specific new geographic regions for the delivery of specialised water and waste-water treatment solutions.

**Link to Stakeholders**
Shareholders
Customers

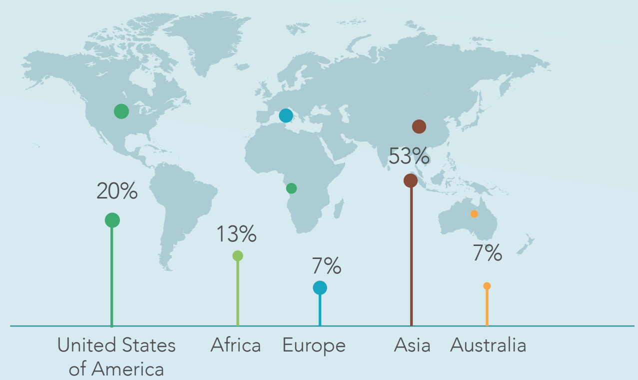
**Link to Capitals**
Financial, Social &
Relationship, Digital

**Link to SDGs**
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

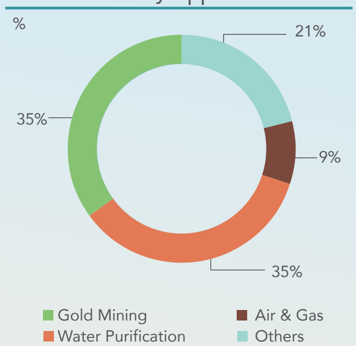
### RESOURCE ALLOCATION

- Investments to enhance manufacturing capacity of value-added carbons - **Rs. 1,264 Mn**
- Investment to enhance energy storage carbon capacity - **Rs.1,425 Mn**
- Investment in technology and digital platforms - **Rs 70.5 Mn**

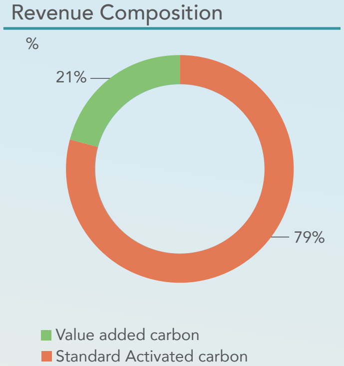
Region-wise revenue contribution




Revenue Mix by Application




Revenue Composition




Revenue

**Rs. 67 Bn (+55%)**

Profit before tax

**Rs. 5.9 Bn (+7%)**

Global market share in the activated carbon segment

**16%**

## OUR SHORT TERM PLANS

- Sustained focus on strengthening our market position with specific emphasis on Asia, East & West Africa, South America and the Middle East while driving deeper penetration in USA and Europe.
- Ongoing focus on deepening penetration of our value-added carbon range to expand the proportion of total revenue derived from value added carbons to 30%.
- Commence operations at our manufacturing plant in the Philippines.
- Leverage digitalisation to enhance real-time production data capture, support data driven decision making, and improve operational efficiency.

Environmental Engineering Solutions segment:

- Strengthening our market position in Sri Lanka and the Maldives while expanding into new markets through the delivery of comprehensive and customisable wastewater and water treatment solutions, O&M services and related products.

## OUR MEDIUM TO LONG TERM PLANS

- Strengthening market position of value-added carbons to increase its revenue contribution to 40%.
- Market expansion.
- Deepen penetration in existing markets.
- Expand our offerings in activated carbon regeneration in developed market.
- Digitalise our processes to support data-led decisions and operational efficiency.

Environmental Engineering Solutions segment:
Expand into new markets in Africa, Middle East and South East Asia

## INNOVATION LED GROWTH

### STRATEGIC INTERVENTIONS IN 2025/26

- Investments in R&D to drive innovation in value-added carbons with specific focus on energy storage, PFAS removal, water and air purification.
- Upgraded in-house laboratories to drive innovation and improve performance of cutting-edge carbon technologies, including Si-C composite materials for lithium-ion batteries and next-generation PFAS removal solutions.
- Strengthened our capacity to innovate by building cross-functional R&D teams and recruiting specialist talent.
- Facilitated specialised training and development opportunities to improve team competencies in emerging applications such as battery technologies, adsorption science and advanced analytical techniques.
- Fostered an innovation focused organisational culture that promoted scientific experimentation, creativity and knowledge sharing.
- Collaborative R&D and technical interventions to increase operational efficiencies and optimise usage of materials.

**Link to Stakeholders**
Shareholders
Customers

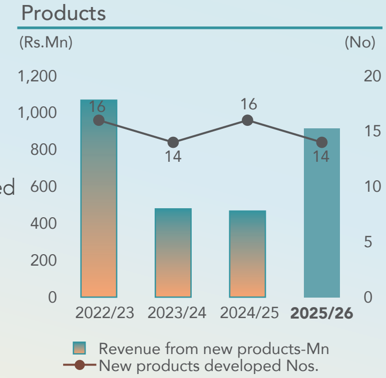
**Link to Capitals**
Financial, Intellectual, Social & Relationship

**Link to SDGs**

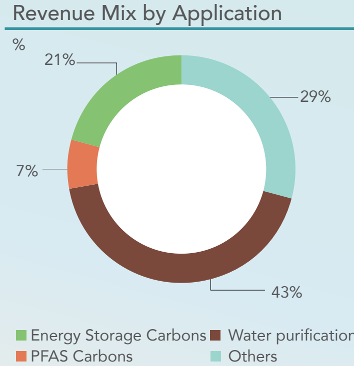
### RESOURCE ALLOCATION

- Investment in research and development – **Rs. 261.88 Mn**
- A team of over **60** multi-skilled professionals
- A specialised electrochemical laboratory equipped with state-of-the art equipment.
- An innovation driven culture.

No. of & Revenue from New Products




Revenue Mix by Application




New products launched

**14**

New products in the pipeline

**3**

## OUR SHORT TERM PLANS

- Sustained focus on innovating advanced carbon technologies for enhancing solutions for energy storage applications, PFAS removal, water and air purification.
- Leverage superior testing capabilities to drive innovation and produce high performing products.
- Strategic focus on talent development to advance our innovation goals.

Environmental Engineering Solutions segment:
Introduced user-friendly and compact Domestic Packaged Sewage Treatment Plant (PSTP) module, focus is to penetrate the market and establish a strong presence by promoting these innovative, sustainable wastewater treatment solutions across residential and commercial sectors.

## OUR MEDIUM TO LONG TERM PLANS

- Align our product portfolio with emerging opportunities to increase the proportion of revenue derived from value added carbons to 40%.
- Develop proprietary processes to optimise production of value-added carbons.
- Digitalise our processes to support data-driven decision making while optimising production and cost

Environmental Engineering Solutions segment:
Capitalise on opportunities for industrial wastewater recycling focusing on Zero Liquid Discharge (SLD).

## STRENGTHEN GLOBAL SUPPLY CHAINS

### STRATEGIC INTERVENTIONS IN 2025/26

- Strengthened engagement with suppliers across our global supply chain spanning Sri Lanka, Indonesia, Thailand, Philippines, Vietnam and India to ensure supply continuity at optimal prices.
- Indonesia – Established two strategically located environmentally friendly (Haritha Angara) charcoaling hubs to strengthen charcoal supplies to manufacturing plants in Indonesia.
- Sri Lanka – Improved operational efficiency of Recogen through installation of new boiler and turbine
- Expanded coconut shell collection at household level through three new collection centres in Sri Lanka.
- Ongoing emphasis on propagating green charcoaling practices (Haritha Angara initiative)and capacity building of micro-, small- and medium scale suppliers across all locations
- Ongoing efforts to promote coconut cultivation in Sri Lanka in collaboration with Coconut Cultivation Board in the Eastern Province.
- Established new partnerships to expand the product and service range.

**Link to Stakeholders**
Suppliers
Business partners

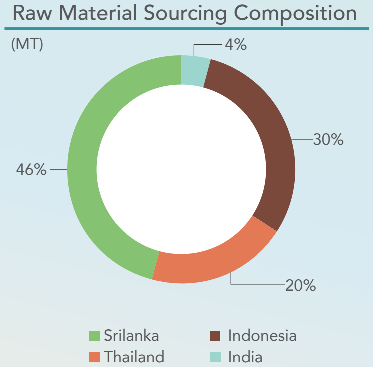
**Link to Capitals**
Financial
Social & Relationship

**Link to SDGs**

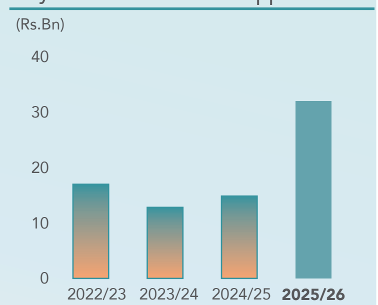
### RESOURCE ALLOCATION

- Investments to support backward integration – **Rs.833.3 Mn**
- Payments to coconut shells and charcoal suppliers – **Rs. 32 Bn**
- Supplier capacity building – **Rs. 19 Mn**
- Coconut tree planting initiative – >**35,000** trees planted

Raw Material Sourcing Composition




Payments to Charcoal Suppliers




Suppliers added in 2025/26

**104**

Suppliers assessed for environmental and social considerations

**24%**

## OUR SHORT TERM PLANS

- Strategic focus on expanding our supplier network while maintaining geographic diversity across major coconut producing countries.
- Strengthen supplier relationships through proactive engagement and a strong supplier value proposition.
- Expand internal charcoaling capabilities of Carbokarn Thailand by enhancing the efficiency of the vertical kiln operations and installing Haritha Angara charcoaling hub to promote sustainable charcoal production.
- Ongoing emphasis on propagating green charcoaling practices along the supply chain and uplifting our suppliers' sustainability performance.
- Establishing and nurturing the raw material supply network in Philippines.

Environmental Engineering Solutions segment-
Collaborate with new and existing vendors to deliver medium- and large-scale water treatment solutions.

## OUR MEDIUM TO LONG TERM PLANS

- Strengthen supply chain resilience by maintaining geographic diversity and expanding into alternative sustainable raw materials.
- Increase the proportion of sustainably sourced coconut charcoal to more than 75% by 2030.
- Expand the proportion of suppliers assessed for sustainability considerations to 40% by 2030.

Environmental Engineering Solutions segment-
Capitalise on opportunities for Specialised and Advanced technological partners

# PURPOSE-DRIVEN AND COMMITTED TEAMS

## STRATEGIC INTERVENTIONS IN 2025/26

- Maintained a strong employee value proposition that resonated with team expectations.
- Strengthened our safety environment through structured occupational health and safety initiatives
- Nurtured a culture of learning through investments in training and development.
- Focused initiatives to foster diversity and inclusivity through the establishment of an internal diversity, equity and inclusion framework.
- Strengthened talent pipelines through partnerships with universities and technical colleges.
- Ongoing emphasis on team engagement to understand their needs and expectations and foster an environment of collaboration and camaraderie.
- Digitalisation initiatives to enhance team learning, improve productivity and enhance the efficiency of the HR function.

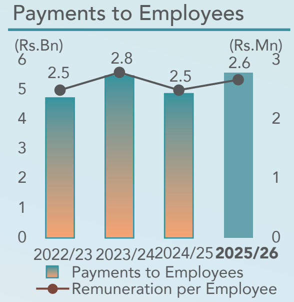
| Link to Stakeholders | Link to Capitals |
|---|---|
| Employee | Human |

Link to SDGs: 3 Good Health and Well-Being; 5 Gender Equality; 8 Decent Work and Economic Growth

## RESOURCE ALLOCATION

- Payments to employees – **Rs. 5.58 Bn**
- Investment in occupational health and safety – **> Rs. 119 Mn**
- Investment in training and development – **Rs. 7.4 Mn**

Payments to Employees




Employee retention rate

**85.3%**

Average training hours per employee

**31.1**

| Our health and Safety Record | 25/26 | 24/25 | % Change |
|---|---|---|---|
| Occupational injuries and diseases | 50 | 43 | +16% |
| Total recordable incident rate (TRIR) | 2.1 | 2.1 | +0% |
| Total no. of lost days due to occupational injuries/ diseases | 707 | 569 | +24% |

## OUR SHORT TERM PLANS

- Maintain value proposition to attract and retain talent to drive sustainable innovation
- Maintain emphasis on safeguarding the health and wellbeing of our team.
- Nurture a learning environment through investments in training and development.
- Invest in digital tools to enhance learning opportunities and automate routine processes.
- Strengthen diversity within our teams.

Environmental Engineering Solutions segment -

- All of the above in collaboration with Haycarb Group HR initiatives
- Expand our team to support targeted business development.
- Recruit specialist talent to deliver high performance water and wastewater treatment solutions.

## OUR MEDIUM TO LONG TERM PLANS

- Robust succession planning to ensure operational continuity.
- Future focus our teams through learning and development.
- Maintain a strong safety culture.
- Evolve our employee value proposition in line with employee expectations.

Environmental Engineering Solutions segment - Aligned with the medium to long term plans with Haycarb Group plans.

## ESG MINDSET

### STRATEGIC INTERVENTIONS IN 2025/26

- Improved resource efficiency and reduced waste by
  - Introducing by-product activation in production.
- Promoted sustainable coconut charcoaling within our supply chain by
  - Increasing efficiency of vertical kiln charcoaling in Thailand.
  - Establish Environment friendly (Haritha Angara) own charcoaling facilities in 2 locations in Indonesia to supply 25% of raw material requirement in Indonesia.
  - Improving efficiency of charcoaling in Recogen Plant in Sri Lanka by installation of new turbine and boiler ,to increase the generation of renewable energy.
- Strengthened our reliance on renewable energy sources and enhanced energy efficiency of our processes.
- Commissioned floating solar panels in Phanat Nikon District, Thailand to supply 12% of electricity consumption in Carbokan factory complex.
- Ongoing emphasis on progressing our climate ambitions while strengthening resilience to climate related physical risks.
- Maintained focus on sustainable water management.
- Impactful community engagement through the Puritas Sath Diyawara programme, Going Beyond programme and other initiatives.

Link to Stakeholders
Government, Communities

Link to Capitals
Natural, Social and Relationship

Link to SDGs

### RESOURCE ALLOCATION

- Investments in solar power generation – **Rs 50.3 Mn**
- Coconut tree planting initiative – **Rs 31.9 Mn**

| Our environmental impacts in 2025/26 | | 25/26 | 24/25 | % Change |
|---|---|---|---|---|
| Carbon footprint * | $tCO_2e$ | 49,785 | 45,601 | 9% |
| Energy intensity | GJ/Rs. Mn | 18.44 | 26.43 | -30% |
| Water withdrawal | ML | 791 | 697 | 13% |
| Waste | MT | 5,042 | 5,111 | -1% |

For further details on the ACTIVATE ESG road map 2030

Energy requirements fulfilled through renewable energy

**77%**

Total Solar generation in 2025/26

**3,152 MWh**

## OUR SHORT TERM PLANS

- Strategic interventions to achieve our 2030 ESG aspirations as set out in ACTIVATE (refer page 44)

## OUR MEDIUM TO LONG TERM PLANS

- Deliver on our 2030 sustainability commitments as outlined in ACTIVATE (refer page 44)