

# Boundless Impact

Social and Relationship Capital





# Social and Relationship Capital



Our Social and Relationship Capital, comprising long-standing partnerships with customers, suppliers, business partners and communities, were integral in navigating the challenges that emerged during the year. We continued to nurture these relationships by deepening engagement, strengthening collaboration and creating mutual value, just as how **certain whale pods have shown the ability to develop a social hierarchy with signs of self-recognition, leadership and a culture-like society among the members of the pod.**

**ALI ASGAR MUNAVER CADERBHOJ**

Director - Business Development



## MANAGEMENT APPROACH

We adopt a strategic, long-term approach to managing our Social and Relationship Capital built on trust, ethical business practices and shared value creation. Our focus on nurturing collaborative, transparent, long-term relationships with customers, suppliers, business partners and communities has enabled us to remain resilient amidst emerging challenges while delivering sustained value.



**>600**

Customers

**>500**

Coconut shell and charcoal suppliers

**>71,500**

CSR Beneficiaries

## OUR STRATEGIC PRIORITIES IN 2024/25



Delivering, innovative, customised value propositions to customers.



Deepened relationships with existing suppliers while diversifying and expanding our supplier network



Long-term, mutually beneficial partnerships with business partners.



Impactful community engagement



Leveraging digital platforms to foster customer engagement and stakeholder dialogue



Strengthening brand reputation through ethical and responsible business practices

## PROGRESS MADE IN 2024/25 TOWARDS ACHIEVING OUR ESG ASPIRATIONS

Customer satisfaction score  
**ACHIEVED**

**>90%**

CSR Beneficiaries  
**MISSED**

**-32%**

% of Green charcoal raw material in all manufacturing locations  
**MISSED**

**44%**

% of supplier assessment of all suppliers on their environmental and social standards and contribution.  
**MISSED**

**11%**

## WAY FORWARD





### Short Term

- Leverage scale to diversify and expand our supplier network across geographical region

### Medium to Long Term

- Focused innovation to deliver products that fulfill specific customer needs while capturing emerging opportunities in energy storage carbons and water purification.
- Strengthen our position as a sustainable activated carbon producer that customers can rely on to deliver on their sustainability commitments.
- Deliver long term value to communities through long-term focused CSR initiatives.



Capital trade-offs			Link with material topics	Link with key risks and opportunities / SRROs / CRROs	Alignment with strategic priorities	Contribution to SDGs
	Short-term	Long-term	<ul style="list-style-type: none"> <li>M2, M3, M4, M6, M13, M16, M17, M19, M20,</li> </ul>	<ul style="list-style-type: none"> <li>R1, R6, R7, R8, R11, O2</li> </ul>	<ul style="list-style-type: none"> <li>Market growth</li> <li>Expansion of global supply chains</li> <li>ESG mindset</li> </ul>	   
FC	↓	↑				

## VALUE CREATED IN 2024/25

- Deepened engagement with existing customers while tailoring our value propositions in line with customer needs.
- Leveraged digital marketing tools and market-specific technology to expand market reach.
- Strengthened relationships with our extensive supplier network through open engagement and mutual value creation.
- Focused initiatives to diversify the supplier network across multiple geographic locations.
- Strengthened collaboration with business partners to overcome supply chain challenges.
- Long-term focused community engagement initiatives that address vital community needs.

## DIGITALISATION

Haycarb revamped its corporate website with a responsive design and enriched content to enhance stakeholder engagement. The platform improves communication, accessibility, and trust, reinforcing relationships and supporting social and relationship capital. This digital upgrade reflects our values and commitment to being a forward-thinking, stakeholder-focused business.



# 26

New Customer Acquisitions



# Rs. 14.9 Bn

Payments to charcoal suppliers (+16%)

Chemical and other suppliers **Rs. 7.4 Bn**



# > 90%

Customer satisfaction score in the Activated Carbon segment



# Rs. 50.4 Mn

Investment in community engagement initiatives

# Social and Relationship Capital

## DELIVERING VALUE TO CUSTOMERS

### Strategic priorities in 2024/25

During the year under review, we focused on strengthening engagement with customers while enhancing the delivery of customised solutions through tailored, sustainably developed product propositions and continuous innovation. Our Customer Management Policy continued to guide our approach to customer relationship management, enabling us to deliver long-term value and positioning ourselves as a partner that customers can consistently trust and rely on.

#### Accessing new markets

Pursued new customer acquisitions through tailored engagement strategies designed to address the unique dynamics of each market.

Leveraged specialised tools and market specific language to connect more

effectively with potential customers.

Relaunched the corporate website with enhanced engagement features including a chatbot to provide instant, 24/7 support for inquiries. Built-in analytics provided deeper insights into visitor

behaviour providing valuable information to better understand our audience and tailor our marketing strategies.

Continued to enhance visibility through participation at global trade shows in numerous countries in growth markets.

#### Strengthened the digital marketing

Successful revamp and relaunch of our corporate website.

Implemented a Customer Relationship Management (CRM) system to streamline and personalise our communications.

#### Innovation

Close collaboration with customers to innovate products that fulfilled their specific needs.

Consistently engaged in research and development to develop new products to capture opportunities in emerging applications.

#### Strengthened customer engagement

Open and transparent communication to effectively convey supply chain challenges and the need for price adjustments given rising costs.

Direct, in-person engagement through customer visits and phone calls to resolve technical issues and enhance the delivery of customised propositions.

Deepen our insights into the specific needs of customers to enhance long term value creation.

#### Commitment to sustainability

Maintained our commitment to delivering sustainable value propositions, contributing responsibly to our customers' sustainability commitments.

Secured EcoVadis Gold certification, offering independent validation of our sustainable operations and ethical business conduct.

China International Battery Fair 2024

Vietwater 2024, Vietnam

Singapore International Water week 2024

MineExpo 2024, USA

FILTECH 2024, Germany

IFAT Munich 2024, Germany

Indo water 2025, Indonesia

Inter Battery 2025, South Korea

OUR PRESENCE  
IN KEY TRADE  
SHOWS





## OUR CUSTOMER VALUE PROPOSITION



### Responsible marketing and labelling

Product labelling at Haycarb is conducted in line with specific customer requirements and complies with national and international standards and certifications such as ISO and NSF. These frameworks guide the accurate presentation of product specifications, safety information, handling instructions, and traceability details. We also follow internal quality protocols and industry best practices to ensure transparency and accuracy. Marketing communications are reviewed to prevent misleading claims and ensure alignment with regulatory requirements. During the reporting period, no incidents of non-compliance related to product and service information, labelling, or marketing communications were reported.

GRI 417

### Product range

A comprehensive product and service portfolio across the activated carbon and environmental engineering solutions segments that can be tailored to fulfil specific customer needs.

### Product quality and timely delivery

We have established stringent quality assurance processes at critical points in the value chain to support the delivery of high-quality solutions to customers. We also comply with a range of international and local certifications to align our processes with international best practice.

Active engagement with shipping partners, and on-site warehousing in key markets supports timely delivery and competitive pricing.

### Customer health and safety GRI 417-1 to 3

We have implemented numerous procedures and process to ensure our products and services do not cause harm to end users. This is of particular significance given a product range that caters to the food and beverage industry. Our Food Safety

policy outlines our commitment to producing products that are free from physical, chemical and biological contamination. Additionally, stringent quality control measures in compliance with numerous food-safety related certifications have been

implemented across our processes to facilitate food safety. During the year under review, approximately 45% of our products were assessed for health and safety concerns and no incidents of non-compliance were reported.

# Social and Relationship Capital

## DELIVERING RESULTS IN 2024/25

GRI 2-6 b iii

Customer satisfaction was consistently monitored to ensure our approach to value creation was consistent with customer needs.

Customer satisfaction is assessed through an annual survey that evaluates satisfaction levels across multiple indicators including engagement, quality, packaging, delivery and complaint resolution.

During the year under review, 8 new questions related to our sustainability commitments were included in the survey to gain insights and strengthen alignment with customer expectations. Topics covered included health and safety, carbon footprint reduction goals, social considerations, and transparency of disclosures.

Notably, our customer satisfaction score for the year under review remained strong at 90%.

## CUSTOMER SATISFACTION INDICATORS

- Customer Management
- Quality
- Packaging
- Delivery
- Complaint resolution

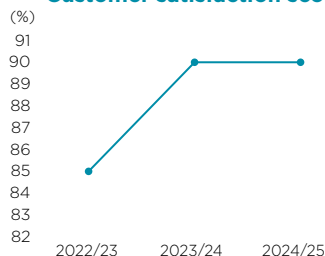
# 26

New end-customer acquisitions

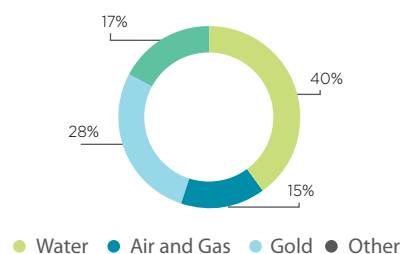
# 95%

Customer retention rate

### Customer satisfaction score



### Customer profile by application



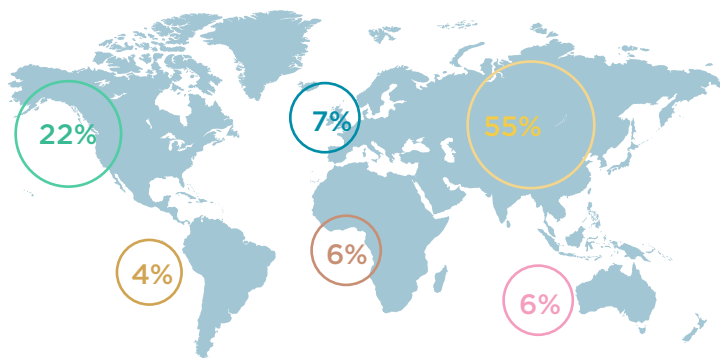
### Our Customer Base

- **>370** customers across **50** countries in the Activated Carbon segment.
- **>250** customers representing industries, institutions, municipalities, and end-customers in the Environmental Engineering Solutions segment.

### Customer satisfaction scores

- **>90%** in the Activated Carbon segment
- **>90%** in the Environmental Engineering Solutions segment

### CUSTOMER PROFILE BY GEOGRAPHIC DISTRIBUTION



## SUPPLIER RELATIONSHIPS

GRI 2-6 b ii, 408-1,409-1

UNGC Principle 4, 5

### Strategic priorities in 2024/25

- Deepened engagement through continuous, direct, in-person interactions with our extensive supplier base.
- Emphasised responsible sourcing and upheld strong ethical standards across all procurement activities.
- Utilised our operational scale to access raw material sources requiring advanced supply chain capabilities and resource allocation.
- Deployed personnel to Indonesia, India, Philippines, and Vietnam to strengthen supplier engagement through in-person interaction.
- Invested significant resources to develop a local supplier network for our greenfield investment in the Philippines.

- Commenced charcoal production in Galle, Sri Lanka.
- Established a new charcoal purchasing outlet in Makassar, Indonesia.
- Maintained focus on propagating green charcoaling practices in line with our sustainability commitments.

Considerable resources were invested in strengthening our supply chain to ensure an uninterrupted supply of raw materials during the year under review. We continued to deepen relationships with existing suppliers in Sri Lanka, Thailand, Indonesia, India and the Philippines while forging new partnerships to broaden our global supplier network.

Our procurement policy outlines our approach to creating value for our suppliers and establishes the minimum standard all Group companies must follow

## OUR SUPPLIER VALUE PROPOSITION



### Delivering Results in 2024/25

**248**

New coconut shell and charcoal suppliers added to our global supplier network.

**Rs. 14.9 Bn**

Payments to coconut shell and charcoal suppliers.  
(Rs.7.4 Bn payments to chemical and other suppliers)

**Rs. 20.6 Mn**

Invested in capacity building of suppliers.

**44 %**

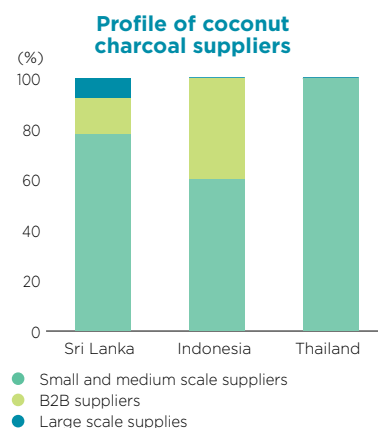
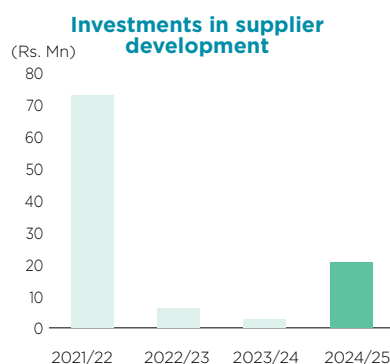
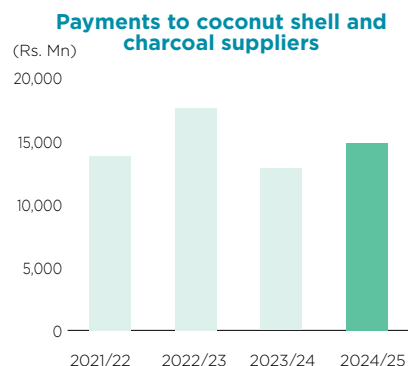
Supplies sourced from green charcoaling practices

**91 %**

Payments to local coconut shell and charcoal suppliers

in procurement. This ensures compliance with all legal and regulatory requirements while ensuring consistency in implementation across the Group, enabling ethical and responsible value creation for suppliers. Our procurement policy specifically prohibits the use of child labour and forced and compulsory labour across our supply chain. Accordingly, no incidents of child labour or forced/ compulsory labour were reported during the year under review.

# Social and Relationship Capital



## STRENGTHENING LOCAL SUPPLY CHAINS

GRI 204-1

Strategic focus was maintained on local sourcing, fostering economic opportunities for our communities while enhancing our contribution to the respective national economies through job creation. Local procurement has also enabled us to reduce our upstream Scope 3 emissions related to transportation. The proportion of raw materials sourced locally by each geographic location during the year under review is given alongside.

Geographic location	% of local sourcing
Sri Lanka	80
Thailand	100
Indonesia	100

## OUR SUPPLIER PROFILE

### Activated carbon segment -

Primarily suppliers of coconut shells and coconut charcoal but also includes chemicals and packaging material suppliers and service providers.

In Sri Lanka, our supplier base of coconut shell and coconut charcoal exceeds 500. Of these, over 200 are micro-entrepreneurs and are members of the Haritha Angara programme.

## Environmental Engineering

### Solutions segment -The

Environmental Engineering Solutions segment primarily engages with a wide network of subcontractors, including those specialising in civil, mechanical, electrical, and plumbing (MEP) works, as well as OEMs and suppliers of materials, equipment, plant and machinery, chemicals, and spare parts. The segment currently works with over 20 suppliers from countries such as China, Taiwan, Japan, India, the USA, Singapore, Italy, Germany, and across Europe. We have also partnered with over 48 subcontractors to deliver diverse water and wastewater treatment solutions across Sri Lanka and the Maldives, covering various project scopes, capacities, and levels of technical complexity.

## SUPPLIER ASSESSMENT

GRI 414 -1, 2, 308-1, 2

Ongoing supplier assessments enabled us to monitor and enhance environmental and social responsibility across our value chain while strengthening overall resilience. Suppliers are assessed for a range of environmental and social criteria including water and air pollution, waste disposal, fuel usage, labour practices, and health and safety measures. We assessed 111 (including 73 charcoal suppliers) on social and environmental criteria during the year under review with

25% from charcoal suppliers rated Good/Very Good while 25% were identified as having potential adverse environmental and social implications. We collaborated with these suppliers to develop action plans to address these concerns within an agreed timeline. No supplier contracts were terminated due to environmental and social concerns. 2.5% of new suppliers were also assessed using environmental and social criteria prior to onboarding during the year under review

## GREENING OUR SUPPLIER CHAINS

### Haritha Angara Programme - Sri Lanka

Creating value for our micro-entrepreneurial supplier base in Sri Lanka through our award-winning Haritha Angara Programme continued into 2024/25. This initiative promotes environmentally friendly charcoaling practices while supporting participants' socio-economic development. Now in its 09th year of operation, our focus on creating long term value for suppliers played a vital role in enabling the procurement of adequate raw material supplies to support production. Value created in 2024/25 for participants of the Haritha Angara programme is set out below.



### Technical support

Engineering design and technical support during construction to ensure the closed pits meet all the technical standards necessary for environmentally friendly charcoaling.

### Ethical procurement practices

We procure the produced coconut charcoal at market prices and ensure upfront payment upon delivery.

### Regular assessments

Regular assessments to ensure pits fulfill technical specifications and provide feedback on any improvements required.



### Training

Training to educate suppliers on how to operate and maintain the closed pit charcoaling pits.

### Financial support

Financial assistance to set up pits and chambers for charcoaling.



### Delivering Results in 2024/25

2

New on-boarded micro-entrepreneurs during the year

2

New pits established in Sri Lanka in 2024/25

>350

Suppliers supported

Rs. 20.6 Mn

Investment in 2024/25

Rs. 193.6 Mn

Cumulative Investment

# Social and Relationship Capital

## COMMUNITY RELATIONSHIPS

GRI 413-1, 2, 203-1, 2, RT-CH-210a.1

We actively nurture strong partnerships with our communities through strategic development programmes that drive positive and meaningful change. Our community engagement initiatives adopt a long-term focus and aim to address urgent community needs. Our approach to

CSR is guided by the Hayley's Group Community Relationships Policies which outline key areas of focus for strategic community development. These priorities include education, health and wellbeing and livelihood development. Key highlights are as follows.

In financial year 2024/25, we implemented over 90 major CSR

projects across our operations in Sri Lanka, Thailand, and Indonesia, addressing key local priorities such as education, livelihoods, environmental stewardship, and community health. Further, there have been no reported negative impacts on local communities during the reporting period.

Rs. **50.4** Mn

Investment in CSR initiatives in 2024/25

**>12,000**

Employee volunteer hours

**>71,500**

Beneficiaries in Sri Lanka, Thailand and Indonesia

## OUR COMMITMENT TO THE COMMUNITY

### Sri Lanka

#### Nurturing future generations through education

- **Rs. 15.3 Mn** spent on provision of mid-day meals to students in 13 schools
- **Rs. 5.8 Mn** spent on distribution of laptops to students in universities
- **Rs. 5.2 Mn** worth school books and supplies donated to school children

#### Addressing the basic needs of our community

- **Rs. 8.5 Mn** spent on Puritas - Sathdiyawara water purification project
- **Rs. 1.6 Mn** worth spent on health ministry carbon project

### Overseas

#### Thailand

- Investment in CSR initiatives - **Rs. 2.1 Mn**
- CSR Beneficiaries - **>1,950**

#### Indonesia

- Investment in CSR initiatives - **Rs. 1.5 Mn**
- CSR Beneficiaries - **>1,100**



As a result, 100% of our manufacturing facilities and Puritas (Pvt) Ltd had local community engagement programs in place, demonstrating full operational commitment under our community engagement framework.

**PURITAS SATH DIYAWARA – A DECADE OF COMMUNITY COMMITMENT**

Puritas Sath Diyawara, the Group's flagship CSR initiative, sponsored by the Business Sectors of Hayleys Group together with Haycarb, marked a major milestone by completing its 10th year of operations during the year under review. Launched in 2014 in response to the rising incidence of chronic kidney disease (CKD) in Sri Lanka's North, North Central, and Uva provinces, the programme leverages the expertise of the Environmental Engineering Solutions segment to provide clean drinking water to

affected communities. It involves the design and build of reverse osmosis treatment plants with integrated distribution systems. Operating on a unique, village-managed self-sustaining model, Sath Diyawara continues to deliver purified potable water to thousands of families in need.

**ADDITIONAL SUPPORT PROVIDED TO COMMUNITIES**

- Numerous social and economic initiatives to uplift the wellbeing of the community

**PURITAS SATH DIYAWARA – GOING BEYOND**

An extension of the Puritas Sath Diyawara programme, the Going Beyond initiative aims to address the broader socio-economic needs of the communities in the CKD affected areas. The Group continued to support the education of school children through book and stationery donations, while also empowering women and the youth by extending support for entrepreneurial initiatives.



**Highlights of our impact over the last decade**

Rs. **104.4** Mn

Cumulative investment of the Hayleys Group

Rs. **8.52** Mn

Investment by Haycarb Group during the year

**>200,000** L

Water purified a day

**>45,000**

People positively impacted

**Highlights in 2024/25**

Rs. **59.15** Mn

Cumulative investment of the Hayleys Group

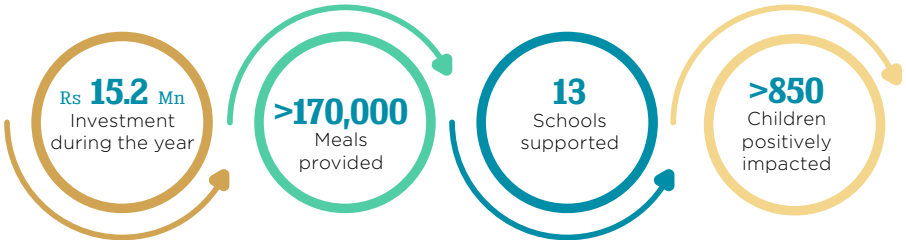
**8**

Years of Operation

During the year, Hayleys Group continued supporting school children under the Puritas Sath Diyawara - Going Beyond. (Haycarb Group invested Rs. 1.8 million in this initiative during the year)

**SCHOOL MEAL PROGRAMME**

Support extended to the school meal programme continued for the third consecutive year, reaffirming our commitment to creating a long-term impact by enhancing the health and well-being of school children in our communities. This initiative involved providing children at 13 schools with a nutritious mid-day meal, helping to improve their health, concentration and overall school performance.



# Social and Relationship Capital

## SUPPORTING THE HEALTH CARE SECTOR OF THE NATION

Haycarb continues to donate medical grade activated carbon to the Ministry of Health of Sri Lanka to be distributed among the National Hospitals to treat patients who have ingested poisonous substances.

>10,000

Petients benefited

Rs. 1.5 Mn

Investment by Haycarb

## ASSISTANCE TO UNIVERSITY STUDENTS

As part of CSR initiatives, Haycarb donated laptops to students across 9 universities, supporting digital access and empowering higher education through technology.

>140

Students benefited

Rs. 5.8 Mn

Investment by Haycarb

In addition to the above formally structured community engagement initiatives, we continued to empower our communities by creating economic opportunities through direct employment and local procurement. Moreover, compliance with all environmental and social regulations and ambitious goals to address pressing global environmental and social challenges assist in minimising any adverse impacts on local communities and the environment.

## STRENGTHENING RURAL COMMUNITIES THROUGH COCONUT CULTIVATION

In line with national agricultural goals and our sourcing strategy, we expanded our community engagement through collaborative replanting efforts with the Coconut Development Authority, Coconut Cultivation Board, and Coconut Research Institute. During the year, we planted 75,000 coconut seedlings, completing our commitment to plant 100,000 trees in the Northern Province.

Following this success, we pledged to plant an additional 100,000 trees in the Eastern Province, supporting efforts to expand coconut cultivation and establish a second coconut triangle in Sri Lanka. This initiative strengthens rural livelihoods and deepens relationships with the coconut-growing communities that are vital to our supply chain.

## INDUSTRY INITIATIVES AND ASSOCIATIONS

GRI 2 - 28

Haycarb is an active member of numerous industry associations and leverages these platforms to contribute to initiatives that support the growth and development of the sector. We also actively engage with the Coconut Research Institute of Sri Lanka (CRI) to support research related to increasing crop yields and deepening our understanding of the various properties of coconut shells.

## Memberships in industry associations

- The Ceylon Chamber of Commerce
- International Chamber of Commerce – Sri Lanka
- The European Chamber of Commerce of Sri Lanka
- Export Development Board
- Industrial Association of Sri Lanka
- American Chamber of Commerce in Sri Lanka
- Chamber of Construction Industry of Sri Lanka
- National Chamber of Exporters of Sri Lanka
- The Ceylon National Chamber of Industries
- The National Chamber of Commerce of Sri Lanka

## COLLABORATIVE PARTNERSHIPS WITH BUSINESS PARTNERS

GRI 2 - 6 c

Strong, long-standing partnerships with business partners built on open communication and trust remained integral to navigating challenging operating conditions and strengthening resilience. We continued to nurture these relationships with a long term focus through collaborative, mutual value creation.



### Joint venture partners in Thailand and Indonesia

Long-standing, collaborative partnerships with joint venture partners in Thailand and Indonesia enabled a coordinated approach to addressing the supply chain challenges that emerged during the year. These partnerships were vital in ensuring adequate raw material supplies at each manufacturing location, managing industrial relations, strengthening local marketing and sales of activated carbon and facilitating impactful community engagement in the respective countries.

- Thailand - **> 28** year relationship
- Indonesia - **> 13** year relationship

### Veolia

Environmental Engineering Solutions segment's long-standing partnership with Veolia, the world's largest water service provider, specialising in water management, wastewater management and energy services, has enabled the Group to develop large-scale water and wastewater treatment systems in Sri Lanka using the latest European technology and expertise.

- Veolia - **> 13** year relationship

### Front-end partners

Maintained collaborations with numerous front-end partners to support technical, product and market development activities in the Environmental Engineering Solutions sector.