

Strategic ESG Integration

Operating landscapes of businesses are being reshaped by environmental, social and governance aspects, which are featuring prominently in stakeholder considerations and risk assessments. At Hayleys, sustainability and ESG have always been part of who we are, reflecting the Group's intricate and deeply-rooted linkages with nature and society. In recent years however, we have sought to strategically embed ESG considerations across all aspects of our strategy, processes and decision-making. This is underscored by our sense of responsibility as a leading corporate citizen in the country as well as our belief that the effective management of environmental and social will strengthen the resilience of our business.

ESG Integration: Ambition to Action

The Group adopts a four-step process to ESG integration, as illustrated below:

1. Align Purpose , Governance and Strategy	2. Targets and measurement	3. Innovation	4. Sustainability Focus
<div>→ Alignment of purpose</div> <div>→ Governance mechanisms</div> <div>→ Strategy formulation</div>	<div>→ Formulation of environmental, social and governance targets</div> <div>→ Data integrity and monitoring</div>	<div>→ Functional strategies</div> <div>→ Sustainable innovation</div> <div>→ People processes</div>	<div>→ Accountability and reporting strategy</div> <div>→ Stakeholder engagement</div> <div>→ Collaboration</div>

ESG GOVERNANCE

The Board is the highest decision-making authority in the Group and has overall responsibility for formulating the Group's sustainability-related policies and goals and implementing the Group's ESG Framework. The Board has established an ESG Steering Committee in discharging its sustainability and ESG related duties during the year (refer page 123 of SLFRS S1 and S2 disclosures for further information on ESG Governance)



POLICY FRAMEWORK

The Group's ESG Roadmap, the Hayleys Lifecode includes a comprehensive suite of ESG policies across all material focus areas. The policies apply as a minimum standard across the Group and ensures a consistent approach in managing the Group's material ESG risks. During the year, several new governance-related policies were introduced while several were also reviewed and updated in line with the launch of the 2nd edition of the Hayleys Lifecode. A summary of the new policies and policies that were revised is given below;

Policies and Procedures	Revision during the year	Relevant material topic
Energy & Emissions Policy	<ul style="list-style-type: none"> Included identification of physical and transitional climate-related risks Emission reporting to be in line with both GHG Protocol and ISO 14064 (1)-2018 standard 	<ul style="list-style-type: none"> Energy consumption Managing environmental impacts Physical risks of climate change
Chemical Management Policy	<ul style="list-style-type: none"> Refinement of targets focusing on chemical intensity and chemical safety 	<ul style="list-style-type: none"> Managing environmental and ecological impacts
Procurement Policy	<ul style="list-style-type: none"> Strengthened contract and supplier management Spend management Digitalisation of source to pay processes Sustainable procurement 	<ul style="list-style-type: none"> Managing environmental and ecological impacts Managing environmental and social impacts across supply chain

Several key governance policies including the Corporate Governance Policy, Policy on Matters Relating to the Board of Directors, Group Remuneration Policy and Policy on Board Committees among others were added during the year, Refer to page 70 for further information.

ESG STRATEGY

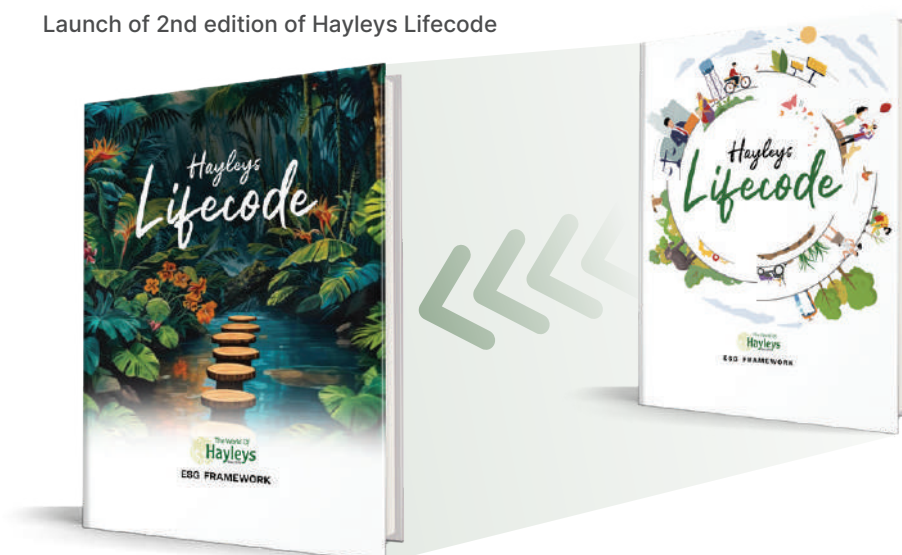
The Group's ESG strategy is set out in the Hayleys Lifecode, the Group's holistic ESG Roadmap for 2030. Since the launch of the 1st edition in 2022, the Group has made significant progress in strategically integrating ESG considerations across the business. The Group is also largely on track to meet the 2030 targets, although progress in certain areas have remained below expectations.

The 2nd edition of the Hayleys Lifecode was unveiled during the year, providing an opportunity for the Group to take stock of the progress made to date and identify areas for further refinement and improvement in line with developments in both the internal and external operating landscape. Key revisions in the 2nd edition included the following:

- **Definition of six long-term commitments:** These commitments reflect priority ESG areas for the Group, thereby providing clarity and coherence on the Group's ESG aspirations

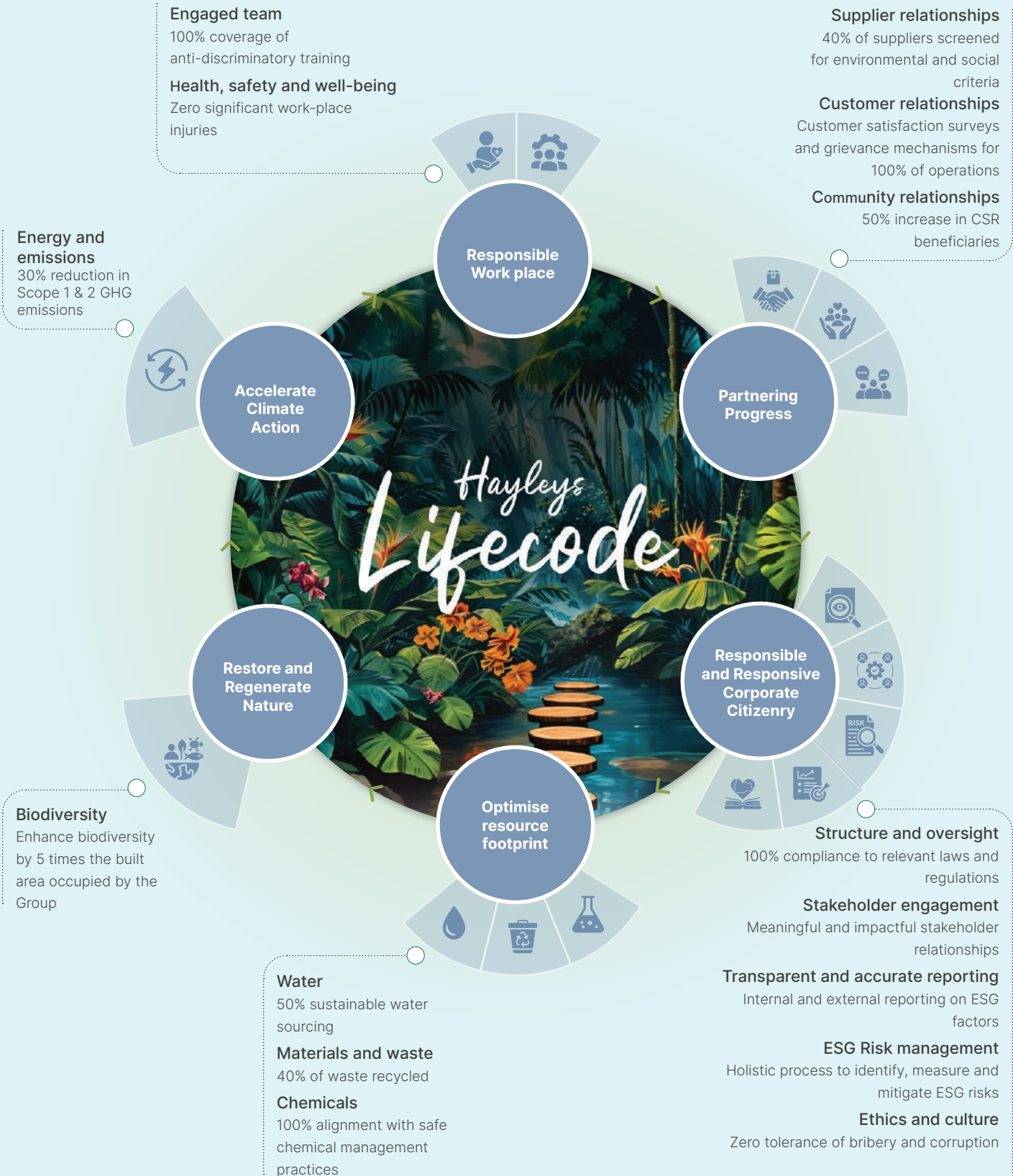
- **Policy refresh and update** (Refer to discussion on Policy Framework above)
- **Revisions to targets:** Having assessed progress against the defined interim targets and in consideration of the Group's strategic agenda, stakeholder considerations and emerging risks and opportunities several targets were refined/revised in the 2nd edition of the Hayleys Lifecode.
- **Launch of Lifecode Pledge:** A formal commitment made by every employee across the organisation to uphold the principles of sustainability, integrity, and social responsibility in daily actions

Launch of 2nd edition of Hayleys Lifecode



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Targets for 2030



TARGETS AND MEASUREMENTS

Monitoring metrics: Performance against the Lifecode targets as well as other social and environmental metrics are tracked through the Hayleys CUBE- the Group's sustainability information portal. The web-based system enables over 300 users across the Group's operating locations to submit relevant social and environmental information quarterly, which is aggregated and reported to the ESG Steering Committees at both Sector level and Group level.

Data integrity: In addition to controls built into the CUBE system, which includes multiple levels of approval and error flagging, the integrity of the non-financial information is ensured through third-party assurance on both the GHG inventory and Integrated Report/GRI.

ESG IN PRACTICE

ESG is embedded across organisational processes and decision-making, as described furthermore in the Portfolio Reviews and Capital Management Report on pages 156 and 309 respectively. Key mechanisms of embedding ESG include the following



> 300 Users

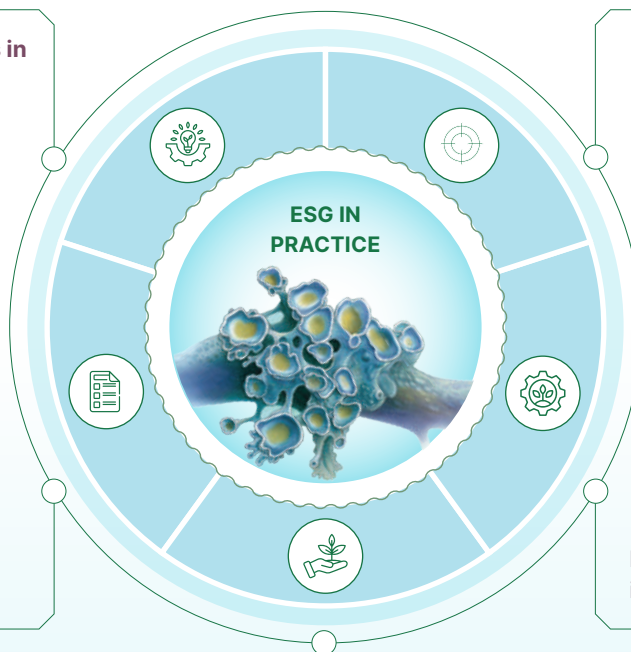
Nearly 60 Indicators tracked



Alignment to functional strategies in

- People management
- Procurement
- Engineering
- Product development
- Premises management

Inclusion in corporate budgeting process



Performance monitoring

Quarterly monitoring of ESG performance trends and delivery of targets

ESG aspects considered in key investment decisions






ESG risk assessment

ESG risk assessment integrated to overall risk management procedures

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PROGRESS AGAINST TARGETS

The following table demonstrates progress made against the targets set out in the Hayleys Lifecode. The baseline year for all targets are 2018/19 unless specifically mentioned otherwise. The table below represents a summary of the main targets, please refer to the Hayleys Lifecode for a full list of targets. Disclosures on targets are also aligned to the requirements of the Targets and Metrics pillar of SLFRS S1 and S2.

2030 target	Metric used	Baseline (2018/19)	Interim target	Performance tracking				Reference for analysis of performance
				2025	2024	2023	Status	
COMMITMENT: ACCELERATE CLIMATE ACTION								
90% sustainable and renewable energy	% reliance on sustainable and renewable energy	64%	3% annual increase	74	68%	67%		330
30% reduction in energy intensity	Energy consumption (GJ)/USD Revenue	2,934 GJ/USD Revenue	3% annual reduction	3,997	4,481	3,565		330
30% reduction in absolute Scope 1 & 2 GHG emissions (for operating boundary in 2018/19)	GHG emissions (tCO2e)	Scope 1: 46,472 tCO2e	6% annual reduction	105,480	98,717	106,108		328
4% annual linear reduction in Scope 1 & 2 GHG emissions for new entities		Scope 2: 55,647 tCO2e	6% annual reduction	63,380	63,706	73,594		328
	GHG emissions (tCO2e)	Scope 1 & 2: 16,927 (Baseline 2023/24)	4% annual reduction	14,417	16,116	-		-
COMMITMENT: RESTORE AND REGENERATE NATURE								
Increase biodiversity enhancing programmes to cover 5 times the built area	Trees planted		Annual increment of 50%	134,391	69,382	N/A		338
COMMITMENT: OPTIMISE RESOURCE FOOTPRINT								
50% sustainable water sourcing	Reliance on rainwater and recycled water as a % of total water withdrawal	10%	6% annual increase	14	16	14		333

2030 target	Metric used	Baseline (2018/19)	Interim target	Performance tracking				Reference for analysis of performance
				2025	2024	2023	Status	
30% reduction in water intensity	Water withdrawal (m3)/ USD Revenue	3,620 m3	3% annual reduction	4,410	5,097	5,030	🟡	333
40% of solid waste recycled	Solid waste recycled (MT)/ Solid waste (MT)	17% (2023/24)	5% annual increase	18	17	N/A	🟢	337
25% reduction in waste intensity	Total waste (MT)/ USD Revenue	60.30	4% annual reduction	14	15	14	🟢	337
COMMITMENT: RESPONSIBLE WORK PLACE								
Average 40 hours of training p/employee	Training hours p/employee, per/annum	5.31	Sector-specific annual KPIs	11.43	10.19	8.74	🟢	314
All employees to undergo training on anti-discrimination	% of employees covered through anti-discriminatory training	Nil	-	>4,700 covered in 8 Sectors	N/A	N/A	🟢	314
COMMITMENT: PARTNERING PROGRESS								
Customer satisfaction surveys covering 100% of operations	No. of sectors with formal satisfaction mechanisms	10	-	10	10	N/A	🟢	305
Increase CSR beneficiaries by 50%	No. of CSR beneficiaries	400,000	5% annual increase	640,270	707,580	997,089	🟢	306

- 🟢 On-track: Likely to meet target
- 🟡 Ongoing focus: Continued progress required

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OUR CONTRIBUTION TO A MORE SUSTAINABLE WORLD

The focus areas and the targets of the Hayleys Lifecycle are directly aligned to selected SDGs and targets thereby providing clearer focus and direction to our aspirations. Integration of the SDGs is also expected to fuel innovation and provide access to new market opportunities while building credibility among both internal and external stakeholders.

