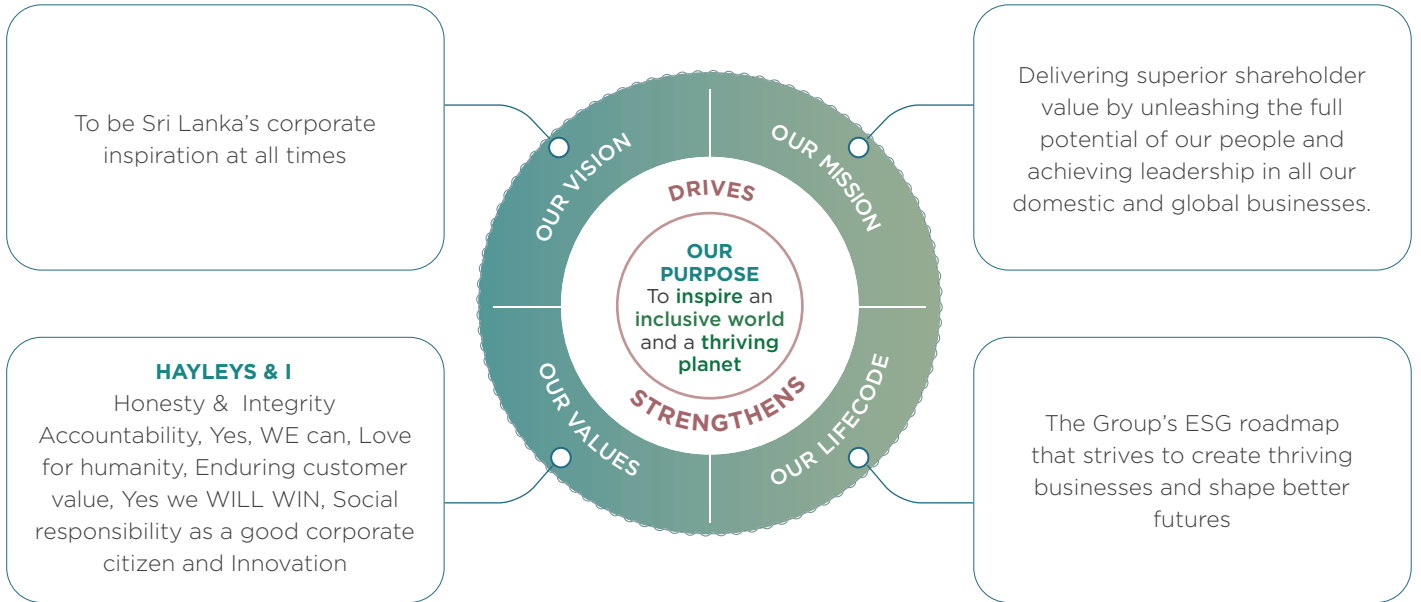


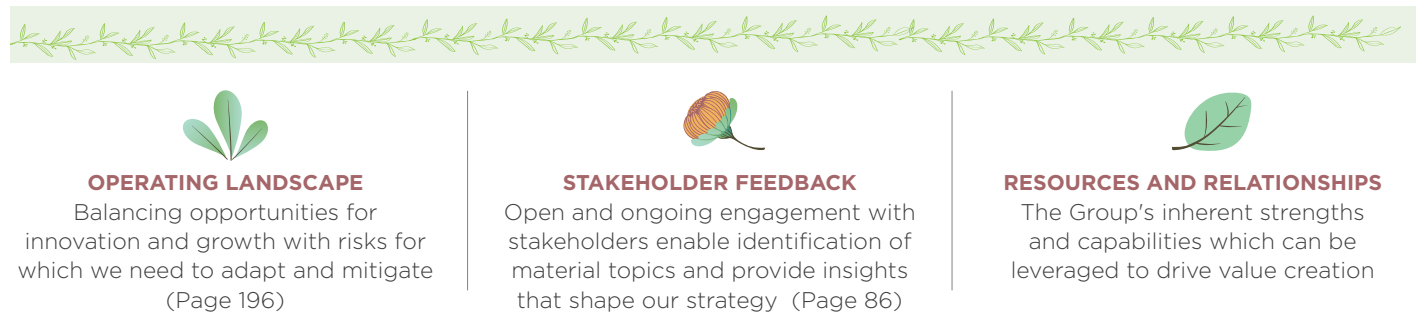
PURPOSE-LED STRATEGY

The Group’s overarching strategic aspirations are aligned to its corporate purpose. While Sectors adopt unique strategies which reflect the risks, opportunities, and core competencies of each business the Board sets the overall strategic direction. The strategy underpins five pillars, formulated by the Strategic Business Development Unit (SBDU) at Hayleys PLC and cascaded to each Sector under the leadership of the Group Management Committee.

OUR PURPOSE



STRATEGIC DRIVERS



- Portfolio optimisation
- Customer centricity
- Nurturing inspired teams
- Inclusive business models
- ESG integration

GOVERNANCE AND REMUNERATION PRACTICES SUPPORTING STRATEGY

Multiple layers of performance review from sector-level Executive Committees to the Group Management Committee, Board Committees and the Board ensure a high level of monitoring on delivery of strategy. The GMC meets weekly and additional meetings may be called at short notice whenever the need arises. Monthly and quarterly performance is monitored against defined targets, with active debate encouraging the exploration of new ideas and diverse perspectives. The remuneration of GMC members and Sector heads are linked to relevant strategies and KPIs, which are cascaded across relevant functions thereby driving goal congruence across the organisation.

Resource allocation framework

The Group's decisions on allocating resources in driving its strategic aspirations - which includes funding, expertise, people and natural resources is determined through the guidelines set out below:

Alignment to Purpose & Vision	Capabilities and competencies	Financial targets	Risks and vulnerabilities
We invest in opportunities that pave way to fulfil our aspirations of being a force for good in the broader economic, social and environmental context	Adequacy of current capabilities and competencies	The weighted average cost of capital adjusted to the risk premium attached to the relevant sector and business	Existing and emerging risks that are shaping the operating landscape

PERFORMANCE AGAINST STRATEGY



Building resilience through portfolio optimisation

Driving shared prosperity and value creation through building a resilient business portfolio which is centered on diversifying businesses, geographical footprint, customer segments and revenue streams. This has enabled the Group to remain relatively resilient to economic downturns, industry transformation and unforeseen challenges

Widening geographical reach	New manufacturing capabilities	New market and product segments
<ul style="list-style-type: none"> Penetration of new markets by several Sectors including Eco Solutions, Hand Protection, Construction Materials and Tea exports Hayleys Advantis refined its international strategy, directing focus to three selected markets 	<ul style="list-style-type: none"> Capacity expansion in Thailand factory by DPL Purification Sector strengthened manufacturing capabilities in energy storage solutions Agriculture Sector commenced manufacturing of PE pipes for irrigation 	<ul style="list-style-type: none"> Agriculture Sector's entry into poultry (animal health) sector and new market segments in Bangladesh Hayleys Fentons leveraged growth opportunities in the residential solar segment Diversification of services at Hayleys Fentons Hayleys Advantis appointed as General Service Agent for Air India

Capitals impacted and utilised	Measuring success	Performance metric	2024
		Revenue growth (%)	(10)
		EBIT growth (%)	(30)
		Customers acquired (mn)	1.24
		Economic value generated (Rs. bn)	149.84

Plans and prospects

Short-term

- Increased focus on productivity and cost efficiency
- New product applications across new market segments
- Strengthen value-added portfolio
- Develop existing and new export markets

Medium-to-long term

- Roll out Group-wide digital transformation agenda
- Regional investments in selected markets
- Widen product and brand portfolio


PURPOSE-LED STRATEGY

2

Customer Centricity

We aim to deliver innovative, cost-effective and sustainable solutions with excellent customer care across all our sectors to enhance the experience of every customer

 Innovation and value-addition	 Customer service and engagement	 Catering to customers' increasing sustainability consciousness
<ul style="list-style-type: none"> Value-added product development in key sectors including Eco Solutions, Hand Protection, Purification, Construction Materials Increased investments towards strengthening R&D infrastructure and skills 	<ul style="list-style-type: none"> Strengthening after-sales service in key verticals including Consumer & Retail, Industry Inputs, Power & Energy and Hayleys Fentons Proactive engagement with customers through multiple platforms 	<ul style="list-style-type: none"> Catering to customers' increasing focus on sustainability through, <ul style="list-style-type: none"> Obtaining international ESG ratings (DPL) 3rd party verification of carbon footprint Sustainable innovation

Capitals impacted and utilised 	Measuring success	Performance metric	2024
		New products launched	624
		Products in pipeline	695
		Complaints resolved (%)	99


Plans and prospects >>	
Short-term <ul style="list-style-type: none"> Strengthen customer acquisition and engagement through digital channels Ongoing focus on value-added product offerings Customer acquisition in new markets 	Medium-to-long term <ul style="list-style-type: none"> Digital transformation to drive better customer service Technical product developments through collaborations Widen portfolio of sustainable solutions

3

Nurturing Inspired Teams

The people pillar of the Group's strategy centers on building a dynamic, diverse and high-performing team which drives the Group's value creation aspirations

 Engagement	 Building leadership capabilities	 Employee well-being
<ul style="list-style-type: none"> Resumption of year-round employee engagement activities that were halted during the pandemic and economic crisis Diversity and inclusion training 	<ul style="list-style-type: none"> Multiple sectors engaged in leadership development programmes Succession planning and building talent pipelines 	<ul style="list-style-type: none"> Launch of 'Momentum'- with the aim creating a family friendly workplace Range of mental and physical well-being interventions offered to employees

Capitals impacted and utilised 	Measuring success	Performance metric	2024
		Employee retention rate (%)	74
		Average training hours	10.19
		Value added per employee (Rs.mn)	1.46
		Female representation (%)	35

Plans and prospects >>	
Short-term <ul style="list-style-type: none"> Group-wide diversity and inclusion training to be rolled out Focus on talent retention through employee engagement and enhanced value proposition Focus on employee well-being 	Medium-to-long term <ul style="list-style-type: none"> Development of leadership tiers and succession planning Digitalisation of HR processes


4

Inclusive Business Models

Create secure, sustainable and efficient ecosystems which uplift livelihoods and empower communities

 Capacity development in ecosystems	 Building resilient supply chains	 Impactful and meaningful CSR engagements
<ul style="list-style-type: none"> Strengthening capabilities across outgrower networks Fabricator training programmes by Alumex PLC Skill building through Singer Fashion Academy, Hayleys Leisure Training Academy and Hayleys Agriculture Training school 	<ul style="list-style-type: none"> Long-term strategic supplier initiatives including DPL Firstlight and Haycarb Haritha Angara Geographical diversification of supply chains by key sectors including Purification, Hand Protection and Tea exports 	<ul style="list-style-type: none"> Ongoing investments in long-term CSR projects by Sectors including, <ul style="list-style-type: none"> Home for every Plantation Worker Sisu Divi Pahana Puritas Sath Diyawara: Going beyond Community projects targeting education and health and well-being

Capitals impacted and utilised 	Measuring success	Performance metric	2024
		Spending of local suppliers	54%
		Supplier payments (Rs. bn)	325
		Suppliers developed	1,318
		CSR beneficiaries	707,580

Plans and prospects **Short-term**

- Diversification of supply chains
- Propagation of good environmental practices to address climate change




Medium-to-long term


- Strengthen environmental and social screening across supply chains


5

ESG Integration

Embedding ESG considerations across the Group's strategy, business model, processes and decision-making.

 Strengthening ESG Governance	 Formulation of ESG Roadmaps	 ESG Reporting
<ul style="list-style-type: none"> Formation of Sector-level ESG Committees across all Sectors ESG risk management integrated with existing risk management processes Launch of bribery and anti-corruption policy 	<ul style="list-style-type: none"> Sector-level ESG Roadmaps (aligned to the Hayleys Lifecode) formulated by 04 key sectors Social and environmental initiatives in line with Hayleys Lifecode 	<ul style="list-style-type: none"> Voluntary adoption of SLFRS Sustainability Standards with transitional relief External verifications of Annual Reports in all key sectors Quarterly reporting of ESG metrics.

Capitals impacted and utilised 	Measuring success	Performance metric	2024
		Reliance on renewable energy (%)	68
		Change in energy intensity (%)	+22
		Change in water intensity (%)	+12
		Change in emission intensity (%)	+14

Plans and prospects **Short-term**

- Group-wide ESG systems and reporting audits
- ESG Roadmaps to be launched by 3 sectors
- Accelerate climate ambitions through investments in renewable energy

Medium-to-long term

- Sustainable innovation to drive increased circularity of operations
- Improve computation of Scope 3 emissions
- ESG ratings across key sectors