

EMPLOYEE RELATIONS

At Hemas our most valuable asset is our employees and our core belief is that by nurturing their growth and well-being we can deliver outstanding shareholder value. The relationship between our family of employees and the company as a financial entity is mutually beneficial. Thus, as Hemas grows we provide exciting growth opportunities for our employees. We achieved this goal by launching a series of focused initiatives which promote employee development and talent management. This augurs well for the future of our company.

Individual Development Centers (IDC)

The concept of IDC's emerged as a result of several intense studies of the core competencies which contribute to Hemas' competitive advantage. Seven key competencies were identified based on which the top management of our company was evaluated. Based on these results, a comprehensive development plan was formulated to foster individualized long-term personal development.

Training and Development

We focus on employee Training & Development at all levels of the organization. We focus on both 'soft' and 'hard' skills in order to develop a suitable pool of managers who will lead our company to its future success. As a diversified company we encourage our employees to gain a well-rounded and holistic knowledge of the functioning of our various sectors providing them with a range of career development opportunities. Our management trainee program is aimed at attracting the top talent available in the Sri-Lankan labour market. We offer these new recruits clear and fast-track career paths where they achieve their potential while contributing to achieving the organizational goals. At Hemas we encourage our employees to voice their opinions. Their ideas and feedback are constantly implemented, helping us refine our operational level processes to achieve efficiency. We have planned a number of activities and events throughout the year to cater to employee well-being and recreation.



Rewards

We believe that a system of equitable and competitive rewards act both a motivator and is consistent with our core belief of fostering employee growth. Thus, we have a long-standing tradition of rewarding our employee's outstanding achievements and contributions. The prestigious CEO's Award is one such award where the management is recognized for their outstanding contributions towards achieving Hemas' corporate goals.

We hope to continue these development initiatives in the years to come to ensure that we attract and retain top quality talent to guarantee the continuous success of Hemas.

ENVIRONMENT

At Hemas we place high emphasis on applying good environmental practices by focusing on environmentally friendly production techniques and processes to conserve the natural environment for future generations.

We have implemented environmentally friendly technology at our soap manufacturing plant to avoid releasing harmful effluents to the environment. Emissions from the Heladhanavi power plant are tightly controlled and there is no smoke evident from the smokestack. A 'green belt' comprising of 3,000 acacia trees are grown in the periphery of the power plant. Two lakes in the perimeter collect rainwater harvested through a drainage network that runs throughout the site and this water is used to irrigate the landscaped gardens.

Over the years our Hotels have taken many key initiatives to conserve and protect the environment. During the period under review many new initiatives were introduced at hotel Sigiriya under the guidance of Dr. Sriyani Miththapala, -Sri Lanka's leading conservation Biologist and Environmentalist. - These conservation and environmental initiatives have been internalized and integrated to our corporate strategy. We have initiated a comprehensive range of conservation programmes, supported by regular environmental audits and sustained by the ongoing training and development for our staff. The initiatives implemented include;

- Conserving energy
- Conserving water
- Minimising solid waste
- Minimising green house gas emissions and air pollution
- Minimising other chemical pollution
- Maximising practices of reducing, recycling and reusing
- Maximising the use of environmental friendly material
- Maximising indigenous flora in landscaping and eradicating invasive alien species
- Conserving biodiversity



In addition to these efforts we have initiated a programme named 'Polythene free Sigiriya'. This programme will be launched in June 2007. Eco friendly bins -developed in accordance with the Central Cultural Fund regulations- will be placed in public areas to eradicate damage caused by dumping polythene and garbage in a historical site. Arrangements have been made with the Dambulla Local Council for regular garbage collection. We have also developed a documentary highlighting the importance of preserving our cultural heritage and protecting the environment. This will be used as a tool to support the awareness programmes we plan to conduct in the villages and schools in June 2007.

We are conscious of the need to proactively work towards minimizing damage to the environment in our business activities as well as engage in programs to protect it. It is a journey that we will continue on, relentlessly into the future.