

# CAPITAL REPORTS

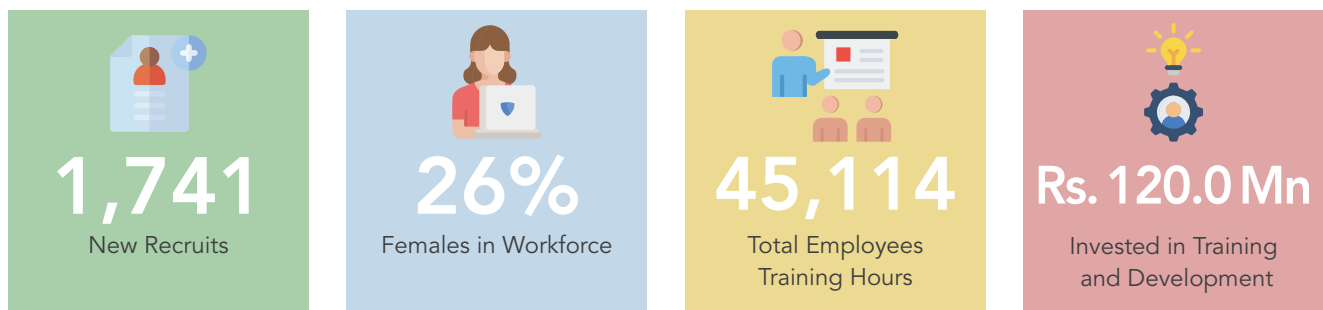
## Human Capital



### Human Capital

The Group recognises that the collective talents, skills, and expertise of its workforce are fundamental to its success. Demonstrating a strong commitment to Human Capital development, the Group cultivates an organisational environment that actively promotes innovation, collaborative endeavours, and opportunities for individual advancement.

#### HIGHLIGHTS FOR FY 25:



#### IMPACT

##### Strategic Pillars

- Redesigning the operating model for agility and efficiency.
- Simplifying organisational layers for greater impact.
- Driving high performance through accountability and capability.
- Aligning rewards to performance and long-term growth.
- Strengthening culture through inclusion and leadership.
- Accelerating talent development through strategic resourcing.

##### Risks and Opportunities

- Talent attrition due to economic migration and evolving workforce expectations.
- Rising demand for inclusive, flexible, and purpose-driven workplaces.
- Opportunities to attract and retain critical talent through DEI, holistic well-being programmes, upskilling, and flexible work policies.
- Potential to strengthen leadership pipelines through robust succession planning and performance management systems.
- Proactive investments in employee safety, training, and engagement to mitigate productivity loss and compliance risks.

##### GRI Topics

- GRI 2-7: Employees
- GRI 2-8: Workers who are not employees
- GRI 408-1: Operations and suppliers at significant risk for incidents of child labor
- GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour
- GRI 401-1: New employee hires and employee turnover
- GRI 407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
- GRI 2-30: Collective bargaining agreements
- GRI 403-1: Occupational health and safety management system
- GRI 403-2: Hazard identification, risk assessment, and incident investigation
- GRI 403-3: Occupational health services
- GRI 403-4: Worker participation, consultation, and communication on occupational health and safety
- GRI 403-5: Worker training on occupational health and safety
- GRI 403-6: Promotion of worker health
- GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
- GRI 403-9: Work-related injuries



##### UNSDGs



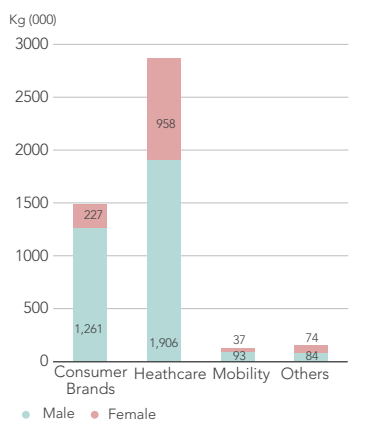
## HUMAN CAPITAL GOVERNANCE FRAMEWORK

Through a well-defined governance framework, encompassing comprehensive human resource policies and robust operational systems, the Group diligently invests in and nurtures its human capital assets.

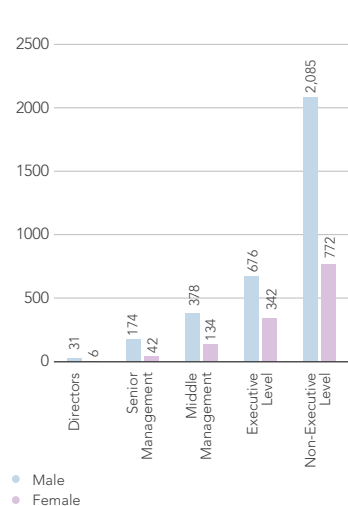
To effectively address the unique requirements of its diverse business operations, each business within the Group maintains its own specialised human resource function, enabling the customisation of procedures to align with specific business needs. Group HR focuses on strategic priorities such as leadership development, succession planning for critical roles, and embedding the Group's culture and core values, while providing oversight to ensure consistency across subsidiaries.

	Full Time	Part - Time	Permanent	Temporary (Contract)	Non-Guaranteed Hours	Out-Sourced
	3,344	1	3,252	92	82	823
	1,296	0	1,210	86	160	157

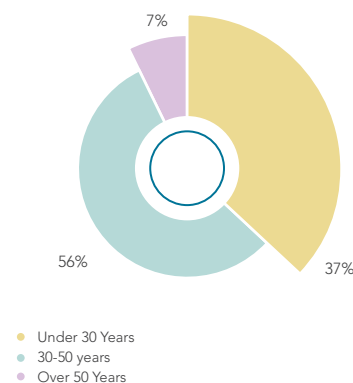
Employees by Sector



Employees by Grade



Employees by Age



The Group comprises of 4,640 employees, and a total of 980 outsourced workers in Sri Lanka and has no employees working outside Sri Lanka. The Group predominantly employs full-time employees who are engaged in its core operations. The outsourced personnel of the Group are individuals who perform tasks such as janitorial and security services, and other non-core operational roles.

Data related to employees and outsourced staff is tracked on a quarterly basis, with relevant HR departments providing necessary information based on their maintained records. Throughout

the reporting year, the overall number of employees and outsourced staff across the Group remained relatively stable, without significant variations. The information in the Annual Report is data related to its Sri Lanka operations and as the end of the reporting period which is March 31st, 2025.

The Group fully complies with the Sri Lankan Shop and Office Employees Act of 1954 and the Factories Ordinance of 1942, both of which are based on the principles of relevant International Labour Organisation (ILO) Conventions. These laws prohibit child labour and forced or compulsory labour, and the

Group strictly adheres to them. There were no reported incidents of child labour or forced/compulsory labour within the Group during the year, reflecting the Group's commitment to ethical and responsible business practices.

# CAPITAL REPORTS

## Human Capital

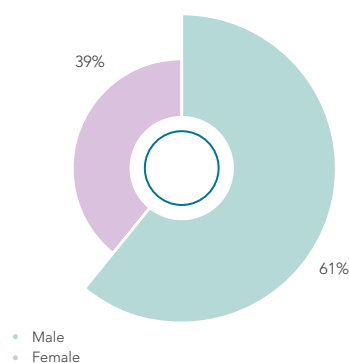
### ATTRACTING AND RETAINING TOP TALENT



**1,741** ↑

Total New Recruits  
(2024: 1,447)

#### New Recruits by Gender



The Group's employment policies prioritises the acquisition of high-calibre talent, coupled with comprehensive training initiatives aimed at skill enhancement. The Group places significant emphasis on recognising the inherent abilities and competencies of each employee, while ensuring equitable career advancement opportunities irrespective of gender, ethnicity, or religious affiliation.

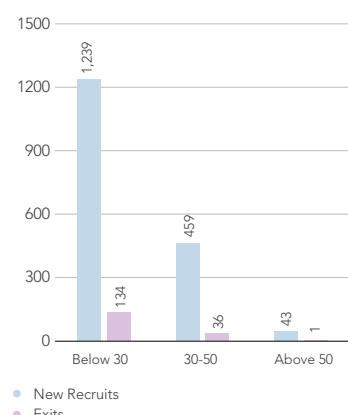
During the reporting period, the Group onboarded a total of 1,741 new employees. Of these, 1,347 individuals were permanent employees (subject to an initial probationary period), and 394 individuals were engaged on a contractual basis.

Out of the new employees recruited, 1,239 (71.14%) were below 30 years of age, 459 (26.36%) were between 30 and 50 years, and 43 (2.47%) were above 50 years.

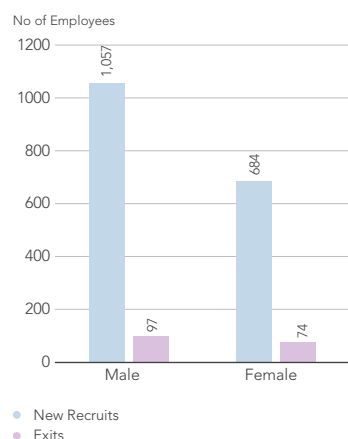
At the time of induction, all employees within significant operational sectors are required to sign the "Hemas Way" (Group Code of Conduct) document, which provides guidelines and relevant information concerning bribery and corruption.

The Group's Whistleblowing Policy establishes a mechanism for employees or external parties to report any suspected misconduct, illegal activities, or non-compliance with the Group Code of Conduct. Such reports can be submitted via electronic mail or postal correspondence to designated Board Members. During the year, all Group operations were assessed for risks related to corruption and no significant risks were identified relating to corruption within the business processes.

#### New Recruits and Exits by Age



#### New Recruits and Exits by Gender



During the reporting period, the total number of employees who left were 1,358 resulting in an overall attrition rate of 29.3% [FY 24: 26.1%], an increase from 12.3% in the prior financial year. From the total number of employees who left 63.6% were male employees.

From the total number of employees who left, 772 (56.8%) were under 30 years of age, 545 (40.1%) were between 30 and 50 years, and 41 (3.0%) were over 50 years old. The attrition rate among new hires were 9.8%. [FY 24: 8.6%]

The increase in Group's attrition rate is primarily a consequence of the current economic difficulties in the nation, leading employees to pursue more stable economic conditions and improved career opportunities overseas. To address the ongoing migration of skilled workers, the Group proactively deployed several strategies across its diverse business units. These initiatives involved identifying key personnel and offering retention incentives, nurturing a strong and appealing organisational culture, and actively facilitating internal career progression through established talent assessment procedures. Additionally, the Group concentrated on creating an attractive employment proposition by providing remote work options where applicable, ensuring competitive remuneration and benefits, and supporting employee professional advancement.

### ENSURING SAFE, RESPECTFUL, AND ENGAGED WORKPLACES

The Group has in place various mechanisms and programmes that provides opportunities to actively engage with employees. Maintaining a culture of open communication is a primary objective that ensures the Group can maintain high levels of employee engagement. This is accomplished by giving staff members platforms to voice concerns, make suggestions, and raise any queries.



### Encouraging Employee Participation

The company encourages employees to volunteer in environmental and social projects to nurture a workforce that is passionate towards sustainability.

- ♦ The Group motivates employees through rewards and recognition, including the Hemas Awards, through which businesses and employees from each business unit is recognised annually for outstanding service.
- ♦ The Group encourages employees to participate in the celebration of religious events, corporate competitions, and sporting events.

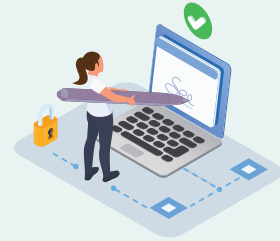


### Access to the Leadership Team

Staff members are encouraged to communicate with HR representatives, senior leadership teams, and their direct supervisors. Open-door policies for all employees and skip-level meetings for executives allow staff members to speak directly with the senior management, including Directors, regarding their issues or viewpoints.

All significant sectors have in place Joint Consultative Committees with employees and maintain constant dialogue between management and employees through periodic direct management worker meetings.

- ♦ Employee forums and town hall meetings are in place to facilitate communication with the senior management levels.
- ♦ The organisation also offers engagement sessions with the leadership team, in addition to fostering a platform for employee creativity.
- ♦ The Whistle Blowing Policy provides a confidential means for staff members to report potential misconduct to Directors.



### A Collaborative Environment

Employee satisfaction surveys are carried out to evaluate employee sentiments and identify areas that need improvement.

All employees of the Group have the right to freely associate, and this right is respected across all operations. The Group's Pharmaceutical Manufacturing business has a formal collective bargaining agreement in place. As of the reporting period, 0.7% of Group employees are covered by such an agreement. No operations or suppliers were identified as posing risks to freedom of association or collective bargaining rights during the year.

The Group has set up a strong grievance system with clear escalation protocols in order to create an environment in which workers feel they may safely voice any issues. All complaints are treated seriously, with in-depth investigations conducted to address any underlying concerns.

## HEMAS AWARDS 2024

Hemas Annual Awards were held in November 2024 where businesses and employees from each of its business units were recognised for their outstanding service throughout the past year.



Winner of CEO's Pride Award - Hemas Consumer Brands



Winner of Special Recognition Award - Morison Limited

# CAPITAL REPORTS

## Human Capital

### EMPLOYEE HEALTH AND SAFETY

The health, safety, and well-being of its workforce remain a top priority for the Group. The Group's Occupational Health and Safety (OHS) practices go beyond compliance to foster a safe, healthy, and empowered workforce across all operations. Its approach towards OHS is outlined below:



### A STRONG GOVERNANCE FRAMEWORK

Health and Safety Committees operate within each business unit, comprising cross-functional employee representation. These forums play a key role in addressing workplace concerns, proposing safety enhancements, and reviewing progress. Additionally, the Group Safety, Health, and Environment (SHE) Committee, which includes employees from all levels, meets monthly to oversee group-wide initiatives and safety performance.

These structures empower employees to actively participate in decision-making and contribute to a strong safety culture.

All employees and contract personnel are provided with regular training conducted by certified Health and Safety Officers. The training modules cover:



Training content is continuously updated to reflect audit feedback and evolving international best practices. The Group also invests in awareness campaigns to build a culture of accountability and continuous learning.

### TAILORED MANAGEMENT SYSTEMS

The Group's OHS management system applies to all employees and contractor personnel and is embedded across operational sites, including office, manufacturing, and healthcare facilities. All manufacturing facilities adhere to ISO 45001:2018, reflecting the Group's commitment to continuous improvement in health and safety management.

Each operational site implements tailored management systems underpinned by Group-wide OHS policies. These systems govern safety planning, risk mitigation, compliance tracking, and emergency preparedness. Key OHS performance metrics are tracked, reviewed monthly, and reported quarterly to the Human Resources and Remuneration Committee, ensuring Board-level oversight and accountability.





## A PROACTIVE SAFETY CULTURE

The Group adopts a proactive approach to hazard identification through the following initiatives:

### Robust Assessment Processes and Preventive Action

- ♦ Hazard Identification and Risk Assessments (HIRAs) are conducted for all routine activities. Risks associated with machinery, chemical use, ergonomic factors, and occupational hygiene are evaluated regularly. For changes in processes or infrastructure, a Management of Change (MOC) process is employed.
- ♦ Non-routine and contractor-related activities are governed through a robust Permit to Work (PTW) procedure. The integrated near miss and hazard reporting system offers multiple channels—dedicated WhatsApp groups, QR codes, and manual Safety Observation Cards (SOCs)—to encourage prompt and transparent reporting. Weekly reviews ensure timely resolution and root cause identification.
- ♦ All incidents, regardless of severity, undergo detailed root cause analysis by designated Health and Safety Officers. Findings and corrective actions are documented, tracked, and shared across business units to prevent recurrence. To reinforce compliance and improvement, weekly and monthly Environment, Health, and Safety (EHS) audits are conducted, supplemented by internal and external audits.

### Access to Supportive Facilities

- ♦ Comprehensive occupational health support is available at all manufacturing locations. On-site clinics staffed by qualified nurses and visiting doctors offer immediate medical care. Additional health infrastructure includes:
  - ♦ First aid kits at strategic locations
  - ♦ Eyewash stations near chemical storage areas
  - ♦ Emergency fire showers
  - ♦ Fire safety systems including smoke detectors, fire hydrants, extinguishers, and designated assembly points
  - ♦ Regular fire drills and training sessions

These facilities are complemented by wheel blocks for lorry parking, reducing loading/unloading risks, and ensuring safety beyond typical workspaces.

Recognising that health goes beyond physical safety, the Group relies on a broad range of well-being initiatives, including mental health and wellness programs, stress management and resilience workshops, employee assistance initiatives and health check-ups and awareness campaigns.

The Group's commitment to safety extends to contract manufacturers, logistics providers, and supply chain partners to mitigate health and safety risks linked the broader operations and foster a culture of shared responsibility. The Group actively promotes safe work practices by:

- ♦ Sharing its safety protocols and standards.
- ♦ Conducting capacity-building sessions and safety awareness programs.
- ♦ Performing monthly audits of contracted operations and biannual assessments of third-party partners.
- ♦ Requiring compliance with Group OHS policies and standards.

During the reporting period, the Group recorded 33 recordable injuries across its workforce, and the most common type of injury was injuries related to cuts, pricks and sharp objects.

	Employees		Contract Personnel	
	FY 25	FY 24	FY 25	FY 24
High Consequence Injuries (No.)	0	1	0	0
<i>Recovery time more than 6 months</i>				
High Consequence Injury Rate (per 100 workers)	0	0.02	0	0
Recordable Injuries (No.)	33	38	2	4
<i>Recovery time between 3 days and 6 months</i>				
Recordable Injury rate (per 100 workers)	0.71	0.78	0.20	0.41
Total Work Related Injury Rate	0.71	0.80	0.20	0.41
Fatalities (No.)	0	0	0	0

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### HEMAS WELLNESS

The Group demonstrates a strong commitment to employee well-being through Hemas Wellness, a dedicated and independently funded programme. The impact of these comprehensive wellness activities extends beyond individual health improvements, positively influencing overall organisational productivity and employee engagement.

#### Objective:

The initiative aims to cultivate a thriving and healthy workforce by proactively promoting mental and physical healthcare access and awareness across the organisation.

#### Oversight:

The effective implementation of wellness initiatives across all business units is driven by the Wellness Operations Champions (WOC) team. This dedicated team operates under the strategic guidance of the group wellness programme, ensuring consistent and impactful execution of wellness activities.

### Key Initiatives

A key initiative during the year was the “Fit for Life” fitness challenge, an inter-company team competition designed to enhance physical fitness, particularly among office-based employees with sedentary work styles. This challenge saw significant participation of 340 + employees across all business units, fostering teamwork, healthy competition, and a greater emphasis on physical activity, thereby contributing to a culture of wellness.



Physical well-being is further supported through on-site workout opportunities and the encouragement of participation in mercantile sports. The Group employees achieved notable success in various sporting disciplines, including badminton, hockey, athletics, basketball, and cricket, showcasing talent and promoting physical activity.



To empower employees in their wellness journey, Hemas Wellness actively disseminates informative communications covering both mental health and physical fitness. These resources aim to ensure employees are well-informed and motivated to adopt healthier lifestyle choices.

Recognising the critical importance of mental health, Hemas Wellness provides robust support mechanisms.

- ♦ Company-sponsored on-site and online counselling and psychotherapy sessions are readily available to employees at no cost, ensuring confidential access to professional assistance. Furthermore, Employee Assistance Programs (EAPs) offered through external partners provide an additional layer of confidential support.
- ♦ Targeted mental well-being interventions, such as mindfulness sessions for factory employees, have also been implemented to improve focus and reduce stress, demonstrably contributing to enhanced production efficiency and reduced error rates.
- ♦ Yoga sessions are offered to promote improved respiration, flexibility, and mental relaxation.



To further support physical health, healthy and affordable meal options are provided at company events and in cafeterias across all operation locations, encouraging nutritious dietary choices.

Proactive healthcare management is facilitated through regular health screenings offered to all employees, enabling the early detection of non-communicable diseases (NCDs). A significant portion of the workforce participated in baseline screenings, and individuals identified with elevated risk factors received personalised NCD intervention plans and follow-up screenings to monitor progress and encourage proactive health management.



First Aid training is provided to equip staff members with essential emergency response skills.

### BUILDING FUTURE-READY SKILLS AND LEADERSHIP



45,114

Total Training Hours  
(FY24: 55,932)

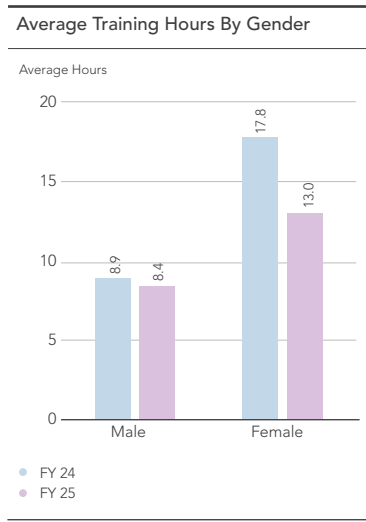
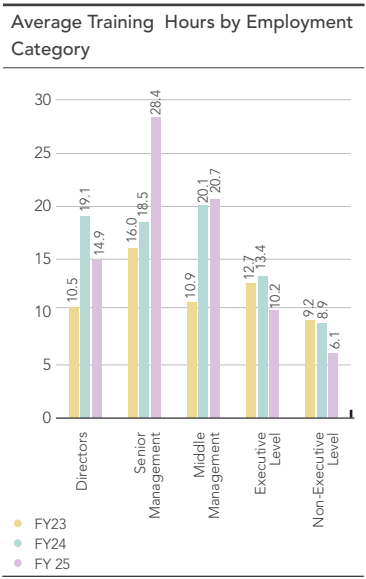
9.7 ↓

Average Training Hours  
(Per Employee)  
(FY24: 11.5)

Recognising the critical link between employee proficiency and organisational advancement, the Group maintained a strong emphasis on training and development initiatives. By cultivating a learning-oriented environment across its various businesses, the Group has witnessed clear benefits, including improved efficiency, greater innovation, and superior customer interactions. To accurately pinpoint the specific learning needs within each business unit, the Group employs a detailed methodology that incorporates assessment centers, talent discussions, and performance feedback mechanisms. This ensures a direct alignment between individual development objectives and the overarching strategic goals of the company.

During the year, male employees received 28,218 training hours and female employees receiving 16,897 training hours. The Group continues to focus on upskilling and enhancing employee capabilities to meet evolving industry demands and maintain competitive advantage.

During the year, the Group demonstrated a significant commitment to the continuous development of its workforce through a diverse range of learning interventions strategically aligned with key organisational priorities. These initiatives included embedding the core values and culture across the Group, cultivating strong business leadership at both local and global levels, and enhancing technical and functional capabilities essential for operational excellence, alongside a dedicated focus on the health, safety, and overall well-being of employees. The Group invested in ensuring its employees had the necessary skills for effective collaboration, communication, and personal growth. Leveraging both internal expertise and external partnerships, the



Group utilised a blended learning approach, incorporating e-learning solutions to facilitate continuous and self-paced development, alongside structured workshops, training programs, and specialised certifications tailored to the unique needs of its various business segments and employee cadres.





# CAPITAL REPORTS

## Human Capital

### LEADERSHIP DEVELOPMENT AND SUCCESSION PLANNING

The Group views its Annual Talent Review process as a critical mechanism for proactively managing people-related risks and ensuring the organisation's long-term viability. This process focuses on identifying and cultivating high-potential employees, developing targeted growth strategies, and establishing a robust succession pipeline to secure future leadership.

A key enhancement to the talent management strategy is improved communication with identified high-potential individuals, ensuring clarity regarding their status, and the Group's dedication to their professional advancement. The introduction of mid-year updates using the 9 Box matrix allows for timely intervention and support for high-performing new hires, a crucial element in retaining talent that values continuous growth opportunities. In addition, the expansion of talent pools to encompass diverse career trajectories and the facilitation of cross-business unit movements through Talent Councils aim to create a more dynamic and agile workforce. The refinement of succession planning, focusing on critical roles and individual readiness, ensures a proactive approach to addressing talent pipeline needs and minimising potential disruptions to business operations.

Beyond the formal Annual Talent Review, the Group employs structured mechanisms to identify and develop key individuals, with dedicated talent management sessions conducted annually at the business unit level. Regular oversight by the Human Resources and Remuneration Committee ensures a strong talent pool at the Group level, fostering a culture of continuous learning and development.

Building on this momentum, the Group introduced several initiatives to strengthen talent mobility and leadership continuity, listed below:

- ♦ The rollout of an enterprise-level platform enabled enhanced visibility of internal talent and opportunities.
- ♦ The prioritisation of key talent for internal roles.

- ♦ Efforts to embed a culture that views talent movement as an organisational strength.
- ♦ Succession planning was reinforced through standardised internal transfer procedures and structured frameworks to build leadership depth.
- ♦ To future-proof the organisation, the Group adopted a forward-looking competency model, integrated it into development and evaluation processes, and partnered with external experts to tailor growth pathways.
- ♦ A focus on early identification of high-potential talent, combined with mentorship, sponsorship, and fast-track development, further supported succession pipelines.
- ♦ Retention was strengthened through competitive rewards and meaningful development experiences aligned with emerging business needs.

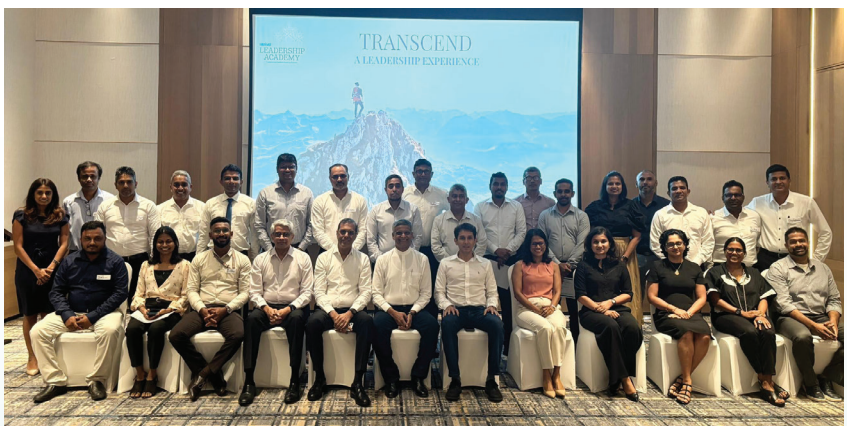
### FOSTERING INCLUSION, EQUITY, AND WELL-BEING

The Group remains committed to building a diverse, equitable, and inclusive workplace through clearly defined policies, structured initiatives, and measurable outcomes.

In FY 25, the Group strengthened its DEI agenda with the implementation of a comprehensive policy and targeted programmes aimed at advancing gender parity, inclusive leadership, and fair treatment for all employees.

These efforts are guided by The Hemas Way, acknowledged by all employees upon induction, which explicitly prohibits discrimination on the basis of race, colour, religion, national origin, sex, age, disability, marital status, or similar grounds. By embracing diverse perspectives and fostering an environment of respect and collaboration, the Group continues to drive innovation and long-term sustainable growth.

#### Hemas Leadership Academy

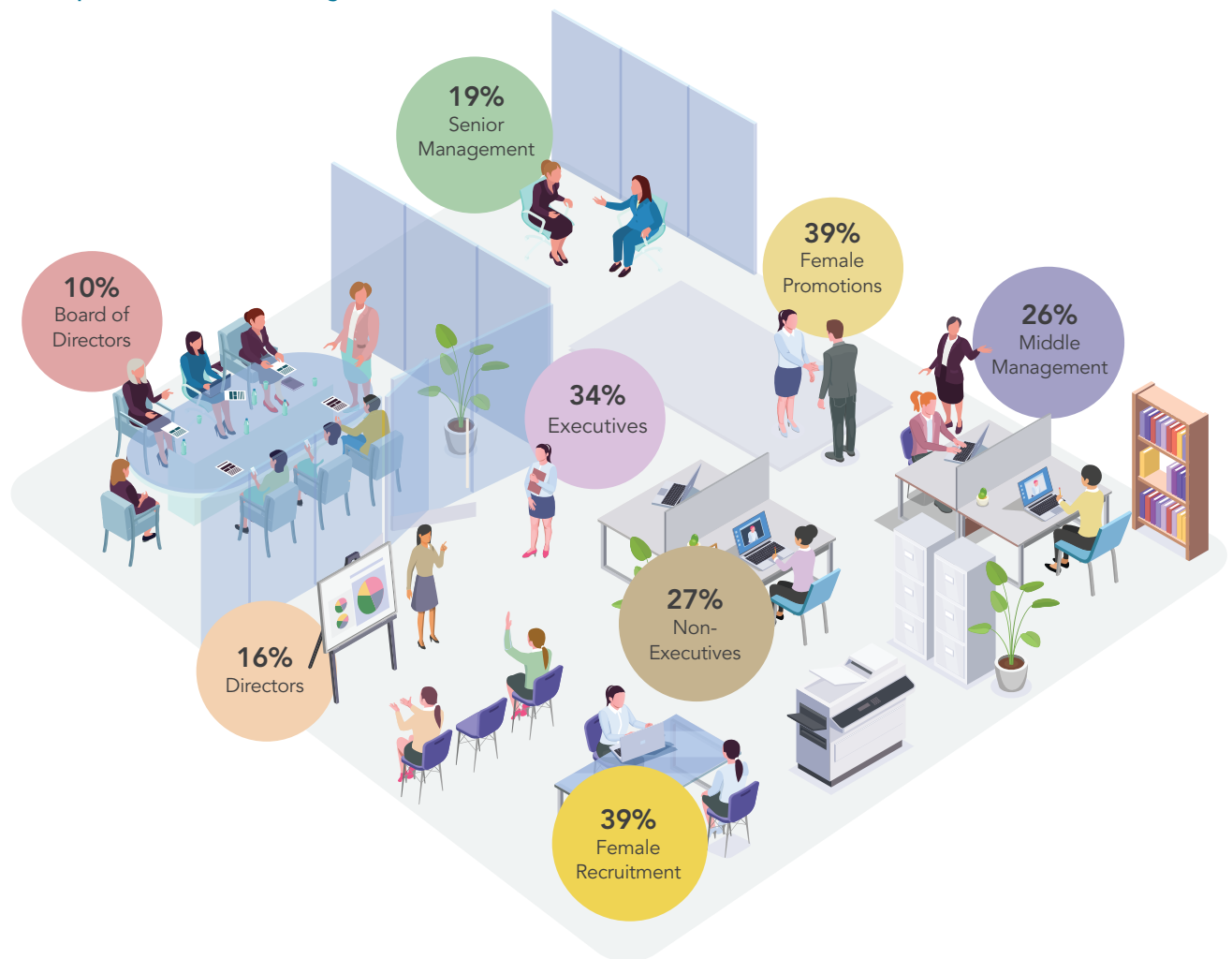


First cohort of the Transcend Programme Hemas Leadership Academy

The Group also focused on developing people leader capabilities by redefining the Hemas Leadership Capability Framework, launching the Hemas Leadership Academy, completing the Transcend leadership development programme, and revising the talent review process to align with the new organisational design. The efforts were directed towards increasing succession depth through the utilisation of multi-dimensional assessments that considered behavioural aspects, 360-degree feedback, and psychometric evaluations.

This included scaling talent identification and development through the creation of tailored assessment centers for recruitment and talent reviews for higher-grade employees, introducing a Senior Leadership Assessment & Development Protocol, and embedding customised development actions within assessment reports.

## Female Representation Across Categories



## POLICY ON DIVERSITY, EQUITY AND INCLUSION

During the year, the Group formalised its commitment to fostering an inclusive workplace culture through the launch of a comprehensive Diversity, Equity, and Inclusion (DEI) policy. This policy underscores the importance of equitable opportunities, the value of diversity, and a respectful environment for all employees. Key elements include fair and unbiased recruitment practices, inclusive employee development, and accessible grievance mechanisms. Within the period under review, the Group made steady progress in embedding DEI principles across its operations—from recruitment and training to promotions and employee treatment. In order to reinforce a culture of meritocracy, both performance appraisals and promotion decisions are overseen by a diverse committee, thereby ensuring that recognition and advancement are based solely on the merit of one's work, regardless of gender, race, ethnicity, sexual orientation, or other personal attributes.

# CAPITAL REPORTS

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### DEI RELATED INTERVENTIONS

#### Voice of Women



**50+** Members

Hemas Voice of Women (VOW) is an employee resource group dedicated to fostering a more inclusive workplace environment and attracting/retaining female talent. VOW, which includes both female and male employees, actively advocates for the support and empowerment of women across the Group, collaborating closely with HR and the Group DEI committee to address challenges in each business unit and escalating specialised issues to ensure women's concerns are heard and addressed at all levels.

VOW's key activities during the year included:

- ♦ Ensuring the consistent availability of essential hygiene products for female

employees by overseeing the regular refilling of sanitary napkin dispensers across all Hemas BU locations.

- ♦ Organising impactful International Women's Day celebrations that not only honour women but also address the key challenges they face, while promoting the values of inclusion and diversity throughout the organisation.
- ♦ Promoting self-defence practices, counselling services, and encouraging female employees to participate in sports to enhance their confidence, personal safety, and overall well-being.
- ♦ Conducting regular awareness sessions and workshops designed to empower women in various areas, including career development, leadership skills, and personal growth.
- ♦ Addressing health-related matters specific to women, such as organising health screenings, promoting inclusive parenting practices, and providing sensitisation training on critical issues like bullying and harassment.



*Celebrating International Women's Day across the Group operations*



*Sanitary napkin disposal units installed at all Group washrooms*



*Winners of the Women's 'D' Division Champions of the 40th MBA Inter-firm Team Badminton Championship 2024*

#### Flexible Working Hours



Hemas Corporate Office has in place a Flexi Work Policy, providing employees with greater flexibility and autonomy in managing their work schedules. The policy offers two options: Hybrid Work, which allows employees to work from any location for up to four days per month with supervisor approval, and Flexi Work, which allows employees to choose their arrival time between 6:30 am and 9:30 am, work an 8.5-hour day, and depart between 3:00 pm and 6:00 pm, also with supervisor approval.

#### Group Grievance Handling System



The Group introduced an Employee Grievance Handling System to provide a clear and transparent process for addressing employee concerns. This system ensures that complaints are appropriately allocated, diligently followed up on, and resolved with due care. Furthermore, a mechanism is in place to allow for the reopening of cases when necessary, ensuring continuous attention to employee concerns and promoting a fair and accountable resolution process.



### Parental Leave

All Group employees are entitled to a Maternity, Paternity, and Adoption Leave Policy that exceeds statutory requirements. The policy provides 100 days of maternity leave and 10 days of paternity leave. The Group Adoption Leave Policy offers

the same maternity and paternity leave benefits for the adoption of a child under 1 year old, and half those benefits for a child between 1 and 5 years old.

Employees that took Parental Leave

**49**

Males

**33**

Females

Total number of Employees that returned to work after Parental Leave

**49**

Males (100%)

**11**

Females (33%)



### Respectful Workplace Policy and Framework

Group launched a comprehensive Respectful Workplace Policy that established a foundation for a safe, respectful, and inclusive work environment, ensuring that all employees are consistently treated with dignity and respect.



### Strategic Partnerships

The Group actively cultivates and strengthens strategic partnerships with organisations such as the International Finance Corporation (IFC) Japan International Corporation Agency (JAICA) United Nations Global Compact (UNGC) Diversity Collective Lanka (DCLK). These collaborations

provide access to global best practices and valuable insights, enriching the Group's DE&I efforts and ensuring alignment with international standards.



### Sexual Harassment Committee

The Group maintains a strict zero-tolerance policy regarding sexual harassment, recognising its detrimental impact on both individuals and the organisation. To ensure that concerns are addressed promptly, an eight-member Sexual Harassment Committee, with representation from

each business unit is in place. Employees are encouraged to report any incidents directly to a committee member via phone or email, or collectively through a dedicated channel at reachout@hemas.com. Regular awareness campaigns are conducted to ensure all employees are well-informed about the policy, and all reported incidents are treated with confidentiality and thoroughly investigated.



### Baseline Survey on Employee Perceptions

To gain a comprehensive understanding of employee needs and experiences, the Group conducted a baseline survey, made available in three languages. This survey, completed voluntarily by 30%

of the workforce across all business units, job levels, genders, and generations, provided invaluable insights that have been instrumental in shaping the Group's Diversity, Equity, and Inclusion (DE&I) strategy.



### Focal Point Network and Training

To effectively promote respect and inclusion throughout the organisation, a network of 60 focal points was developed across the Group. These individuals, along with 2 internal corporate trainers certified by the International Finance Corporation (IFC), play a crucial role in delivering consistent, in-house training to the workforce.



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### Masterclasses, Sensitisation Programmes, and Trainings

The Group has conducted a series of internal and external masterclasses, sensitisation programmes, and workshops to raise awareness about inclusion in the workplace, promote inclusive parenting practices, and address unconscious biases.



### The Group DEI Council

The Group has in place a Group Diversity, Equity, and Inclusion (DEI) Council comprising of 20 diverse individuals from each business unit. The Council will play a pivotal role in guiding the Group's DE&I strategy and promoting inclusivity across operations.



### Celebrating Cultural Diversity

The Group actively celebrates its rich cultural diversity through meaningful events such as Christmas, Ramadan, Thai Pongal, Vesak, and Sinhala and Hindu New Year. These celebrations foster a strong sense of community and inclusivity, providing employees

with opportunities to share and appreciate each other's cultural traditions.



### Upskilling HR Teams and Inquiry Officers

Recognising the importance of fair and impartial grievance resolution, the Group has provided specialised training to its HR teams and Inquiry

Officers. This upskilling initiative reinforces the Group's commitment to ensuring equitable treatment for all employees.

## WORKPLACE GENDER PARITY

The Group is committed to fostering an inclusive culture that prioritises gender parity, ensuring equal opportunities for growth, development, and fair compensation for all employees. This commitment is reflected in ongoing initiatives that promote gender balance, creating a supportive environment where every employee can contribute to the Group's success.

## STRATEGIC FOCUS AND GOALS FOR GENDER PARITY

The Group's focus extends beyond simple gender ratios, emphasising meritocracy, fairness, and transparency across all stages of the employee lifecycle—recruitment, development, and promotion. It remains dedicated to empowering women through initiatives that enable them to perform at their best and thrive, while also supporting a healthy work-life integration.

The Group is also committed to gender pay equity, ensuring equal pay for equal work across all roles. While parity is maintained for equivalent positions, the company recognises a gender pay gap in certain business units, mainly due to fewer women in leadership. Gender equity principles are embedded in the DEI policy under "Equal Opportunities and Fair Treatment." The Group is actively addressing the gender representation gap, which is the primary contributor to existing gender pay disparities. To promote female leadership, the Group has implemented targeted initiatives, awareness sessions, and leadership development programs. Regular assessments and dashboards are used to monitor progress and identify areas for improvement. Additionally, unconscious bias training is conducted to support fair and equitable decision-making, particularly in recruitment and advancement processes.

## Key Initiatives Driving Gender Equality

### Empowerment and Leadership Development

- ♦ The Group drives female leadership development through programmes like “Elevate Her,” empowering high-potential women with the skills and confidence to assume leadership roles. So far, 25 women have been groomed as future leaders.
- ♦ Specific efforts are made to ensure women take on leadership roles within male-dominated sectors, supported by programs like “Voice of Women,” which encourages women’s representation across traditionally male fields.

### Creating Inclusive and Safe Work Environments

- ♦ The Group’s “We Respect Champs” network of 80 trained advocates ensures a harassment-free workplace, promoting a culture of respect and addressing grievances with a survivor-centred approach. This initiative underscores the importance of psychological safety, particularly for women.
- ♦ The Group strengthens diversity, equity, and inclusion through a variety of initiatives, such as the DEI Council, unconscious bias training, and leadership-driven engagement in DEI surveys and workshops.

### Gender Parity in Governance and Decision-Making

- ♦ The Group’s commitment to gender parity extends to its governance structures, with a 50:50 gender split in the Group-Level Committee responsible for addressing sexual harassment and workplace violence.
- ♦ Leadership support for gender equality is reinforced at all organisational levels, with regular assessments to ensure fair decision-making processes.

### External Recognition and Industry Leadership

- ♦ Hemas has advanced from “Improver” to “Achiever” status in the United Nations Global Compact Women Empowerment Principles, highlighting the Group’s robust and holistic approach to gender equality.
- ♦ Hemas has been recognised as one of Sri Lanka’s most outstanding women-friendly workplaces in 2024 by Satynmag, reinforcing the Group’s commitment to supporting women in the workplace.

### Allyship and Organisational Culture Transformation

- ♦ The Group actively promotes allyship, with leaders advocating for gender equality through initiatives like “Voice of Women.” This helps dismantle stereotypes and create increased opportunities for women, especially in male-dominated sectors.
- ♦ Through leadership sponsorship and ongoing education, the Group fosters a workplace culture that prioritises respect, fairness, and inclusion, enhancing the employee experience for all genders.

### Expanding Opportunities for Women in Non-Traditional Roles

- ♦ The Group takes targeted steps to integrate women into traditionally male-dominated sectors, including mobile laboratory teams, field sales, and women-led distributors within the Learning Segment.
- ♦ During the year, awareness campaigns have been conducted across the Group, aimed at increasing women’s participation in roles traditionally held by men.

### Supporting Work-Life Integration and Well-Being

- ♦ The Group prioritises the mental well-being of employees, offering free access to mental health services through the “Happy Mind” platform and Employee Assistance Programme (EAP).
- ♦ The Group promotes work-life integration through flexible work options such as hybrid work, flexible hours, and extended parental leave, ensuring employees can balance personal and professional responsibilities effectively.



# CAPITAL REPORTS

## Human Capital

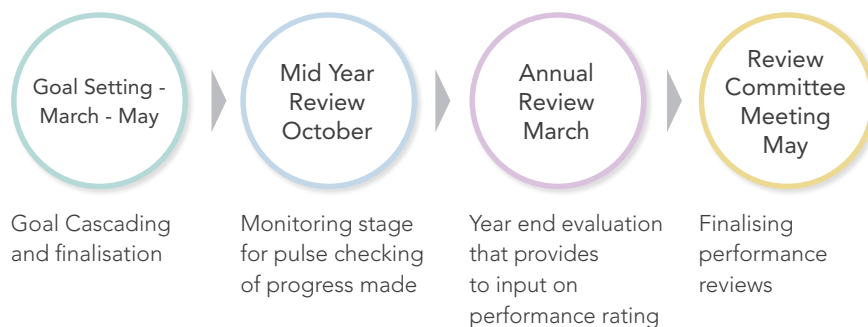
### PERFORMANCE MANAGEMENT

The Group's performance management is a structured and evolving process designed to align individual contributions with the Group's strategic goals. It encompasses annual goal setting, mid-year and year-end evaluations, and ongoing feedback to support continuous improvement and accountability. Upholding a strong culture of meritocracy, performance appraisals and promotion decisions are overseen by a diverse Career Committee. This ensures that recognition and advancement are based on the merit of one's work, irrespective of gender, race, colour, sexual orientation, or other personal characteristics.

Performance goals are set at the beginning of each financial year for all executive-level and above employees, with clear alignment to business objectives. Performance reviews based on set goals are conducted biannually for all executives and annually for all non-executives. The review process is a two-step process where the initial review is conducted by respective supervisors with opportunities for employees to discuss performance, understand areas of improvement and establish future goals. A bell curve of employee performance evaluations is then evaluated by a panel.

The process begins with individual goal setting in collaboration with immediate supervisors, followed by formal reviews that include self-assessments, supervisor evaluations, and one-on-one performance discussions. A calibration process is conducted at the end of the cycle to ensure fairness and consistency across the Group.

For executives and higher-grade employees, this cycle includes structured discussions supported by self and supervisor evaluations. While most teams still use manual documentation, parts of the Group have adopted system-based tools for goal setting and performance tracking.



#### Employee Review Process for Executives

Non-executive employees follow a similarly personalised review process, involving direct discussions with their supervisors and HR Business Partners. These sessions focus on performance against goals, soft skills, and development needs. All assessments are documented and submitted to HR for processing and tracking.



#### Employee Review Process for Non - Executives

During the year, the Group revised the performance goals of the Managing Director and introduced a new goal-setting framework for Directors. This integrated short, medium and long-term KPIs across strategic and operational areas, ensures alignment with the Group's Long-Range Plan (LRP). The Group also introduced changes to the rewards framework for Directors reinforcing our commitment to performance-linked and accountable leadership.

### Remuneration and Benefits

The Group's remuneration framework comprises a base salary and an annual bonus, the structure of which (fixed or performance-based) varies according to employee grade and business unit. In compliance with Sri Lankan law, all employees based in the country are entitled to contributions to the Mercantile Service Provident Society (MSPS) or Employee Provident Fund (EPF), as well as the Employees' Trust Fund (ETF). For the reporting year, the Group's total contributions amounted to Rs. 140.2 million for ETF and Rs. 625.3 million for MSPS/EPF.

Employees are also eligible for gratuity payments, with the total benefit liability recorded as Rs. 1.6 billion as of March 31, 2025. Beyond these statutory provisions, full-time employees benefit from a comprehensive suite of additional perks, including medical insurance coverage, staff loans, subsidised meals in certain operational areas, transportation facilities, travel allowances, and various other benefits designed to support their overall well-being and engagement. All wages and remuneration are commensurate with the work undertaken, and in all cases higher than a minimum wage requirement and aligned to market remunerations. The Group considers the annual total compensation ratio confidential.