



Natural Capital

The Group is committed to environmental stewardship by efficiently using natural resources and embedding sustainability into all aspects of its operations, guided by a strong Environmental Agenda and governance frameworks. In response to growing environmental risks, the Group has made strategic investments in renewable energy, biodiversity protection, and circular economy models to mitigate ecological impact and enhance longterm resilience and regulatory readiness.

HIGHLIGHTS FOR FY 25









IMPACT

Strategic Pillars

- Minimising environmental impact across the value chain
- Advancing circularity in plastic and waste management
- Enhancing resource efficiency (energy and water)
- Strengthening climate resilience and biodiversity conservation

GRI Topics

- GRI 2-27: Compliance with laws and regulations
- GRI 305-1: Direct (Scope 1) GHG emissions
- GRI 305-2: Energy indirect (Scope 2) GHG emissions
- GRI 305-4: GHG emissions intensity
- GRI 303-5: Water consumption
- GRI 303-1: Interactions with water as a shared resource
- GRI 303-2: Management of water discharge-related impacts
- GRI 303-3: Water withdrawal
- GRI 303-4: Water discharge
- GRI 306-1: Waste generation and significant waste-related impacts
- GRI 306-2: Management of significant waste-related impacts

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Risks and Opportunities

- Rising energy, water, and waste management costs, with exposure to climate-related physical and transition risks.
- Regulatory pressures on use of virgin plastic, Extended Producer Responsibility (EPR), and emissions.
- Opportunities to future-proof operations through renewable energy, water conservation, and circular economy models.
- Strategic investments to drive low-carbon transitions, and plastic stewardship to enhance compliance and long-term resilience.

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ENVIRONMENTAL GOVERNANCE

The Hemas Group maintains a structured and accountable approach to environmental stewardship through its Group ESG strategy, Group Environmental Policy, and the Environmental Agenda 2030. These frameworks outline targeted strategies to address material environmental topics such as climate change, water use, minimisation of waste, energy efficiency, and biodiversity protection, supported by defined goals, timelines, and action plans.

Environmental performance across the Group is monitored and guided by the Corporate Affairs Division, which conducts quarterly assessments focused on risk identification and mitigation aligned with sustainability priorities. Each business unit has a Sustainability Champions responsible for reporting progress and an ESG Champion supporting the implementation of Group-level commitments, ensuring consistency across operations.

Oversight is provided by the Group Environment Committee (GEC), comprising Chief Engineers from all business units and representatives

Environmental Governance at Hemas

Underlying Frameworks:

- Group ESG Strategy
- Group Environmental Policy
- Environmental Agenda 2030

Responsibility and Oversight:

- Corporate Affairs Division
- Sustainability Champions
- ESG Champion
- Group Environment Committee (GEC)
- Senior Management

Data Collection and Monitoring Mechanisms:

- SOPs to support accuracy and consistency
- Dedicated system to track and analyse environmental data
- Sustainability assurance

from the Corporate Affairs Division. The GEC convenes quarterly to review ongoing initiatives, address implementation challenges, and recommend improvements. These efforts are supported by quarterly field visits, enabling technical knowledge sharing and reinforcement of sustainable practices.

Environmental performance is reviewed on a quarterly basis by senior management as part of the Group's integrated sustainability performance framework. Standard Operating Procedures (SOPs) are in place across all operations to support consistency in data collection and ensure sustainability information is captured accurately. A dedicated system is used to track environmental data and perform calculations, supporting robust analysis and consistent reporting. Internal sustainability assurance auditsconducted by the Group's internal team and external consultants—help identify gaps and promote continuous improvement.

The Group ensures compliance with environmental laws and regulations and tracks and monitors of any environmental fines incurred for non-compliance with Sri Lankan legislation. No significant fines worth over Rs 1 million on environmental non-compliance or spillages were reported in the year under review.

Internal Sustainability Assurance Audits FY 25

Sustainability Assurance audits were done at all locations of the Group by the internal team and with an external sustainability consultant to ensure adherence to sustainability guidelines, international standards and best practices

Group Environmental Agenda



The Group's Environmental Agenda focuses on raising awareness, advocating for partnerships, pursuing responsible use of natural resources, minimising the impact of operations, and reducing harmful plastic use. The Group is committed to implementing initiatives and interventions that will protect Sri Lanka's endangered endemic species.



Protect our Natural Resources

Actively pursue the use of natural resources in a responsible manner limiting the impact Group operations have on the environment.



Safeguard our Eco-system The Group will embrace and champion initiatives that protect and nurture our unique eco-system.



Responsible Plastic Manufacture and Disposal Practices

From design to disposal, the Group will strive to reduce use of plastic that are harmful to the environment.

ENVIRONMENTAL AGENDA PROGRESS OVERVIEW

This section highlights the progress the Group made toward achieving its Environmental Agenda goals. These milestones reflect the Group's continued commitment to sustainability and the positive impact it is making in areas such as plastic offsetting, biodiversity protection, renewable energy adoption, and water conservation.



Ø2030 Goal25% of Energy obtained throughrenewable sources



FY 25 Milestone

10.6% of energy obtained through renewable sources

Achieved

Refer **pages 118-122** for the more information

Ø

2030 Goal Protect 52 critically endangered endemic species

FY 25 Milestone Intervention for the protection of 17 critically endangered endemic species



Refer pages 124 - 126 for the more information 📏

0 2030 Goal

50% reduction of water intensity in significant operations



FY 25 Milestone

19% reduction of water intensity in significant operations

in Progress



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ENERGY MANAGEMENT

The Group considers the managing of its carbon footprint and risks to operations arising from climate change as a vital component in the Group's Environmental Governance.

Management of Carbon Footprint

Oversight

The Board of Management, in collaboration with the Group Corporate Affairs Division, oversees the monitoring, review, and decision-making processes related to the Group's carbon footprint and overall energy management.

Strategy

The Group's main approach to achieving a low carbon strategy involves prioritising energy efficiency and implementing carbon offsetting initiatives, which includes shift to renewable energy and reforestation.

Progress in FY 25

The Group's solar initiative is a key strategy in its transition towards low-carbon operations, with an investment of over Rs. 22 million during the year contributing to a total investment of Rs. 746 million to date. During the year this investment has provided the Group with an overall 2,137,937 kWh savings of electricity from the National Grid, which is 11% of Group electricity consumption.

Management of Climate-related Risks

Oversight

The Board of Management, in collaboration with the Group's Risk Management Division and Finance Division oversees the review, and mitigation of risks and financial impacts arising from the Physical Risks and Transition Risks of Climate Change through the Group's Risk Management process.

Physical Risks

Types of Risks:

The Group recognises the physical risks of climate change impacts as a moderate risk of business stemming from changing rainfall patterns and prolonged period of drought which could impact manufacturing capabilities as well as potential risks in sourcing raw materials in the future.

Assessment:

Physical risks associated with climate change are assessed across all operational locations through risk registers and regular reviews. These assessments identify locations vulnerable to climate-related natural disasters and evaluate the processes and measures in place to mitigate their impacts.

Transition Risks

Type of Risk:

The Group is cognisant of the transition risks of climate change arising from its strategy towards a low carbon operation through its solar initiative.

Assessment:

The Group's Environment Committee, which includes the engineers of each business unit, conducts ongoing assessments of the risk of energy security and potential delays in transitioning to renewable energy.

Mitigating Strategy:

The Group undertook comprehensive financial and non-financial analysis including that of pay-back period assessments, technology used and the financing mechanism of the solar initiative prior to being implemented within the Group. Currently the Group does not operate in geographies that have regimes of carbon pricing or carbon tax.

MEASURING PERFORMANCE

The Environmental Governance Framework, together with the Group's carbon reduction strategies and risk management functions have led to the development of Carbon footprint KPIs as part of the Group's Key Sustainability Performance Indicators, which include the total carbon footprint, Scope 1, Scope 2 footprints, carbon footprint by sector, carbon intensity and review of progress of initiatives to minimise carbon emissions and energy usage. These are compiled by the Group Corporate Affairs team and presented to Board of Management on a quarterly basis for monitoring and review.

The Scope 2 carbon footprint is calculated based on location-specific data, considering emissions from the electricity purchased and consumed by the Group

The Group tracks and measures its carbon footprint based on the GRI Standards using internationally accepted emission factors. The Green House Gas (GHG) protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD) is used to measure the Group's carbon emissions, while carbon emission factors found in the IPCC guidelines for national greenhouse gas inventories published by the Institute of Global Environmental Strategies (IGES) are also used for calculating our carbon footprint. Currently, the carbon intensity of the Group is calculated using the total Group revenue, and internal Carbon Footprint reduction targets have also been established.

Key Performance Indicators:

- Total Carbon Footprint
 Scope 1
 - Scope 2
- Carbon Footprint by Sector
- Carbon Intensity
- Progress Reviews of carbon reduction and energy usage reduction initiatives

Oversight:

- Compiled by the Group Corporate Affairs Team
- Reviewed on a quarterly basis by the Board of Management

Future-Proofing the Business

The Hemas Transition & Adaptation Plan

The Group Transition and Adaptation (T&A) Plan forms a cornerstone of its long-term strategy to build climate resilience, safeguard business continuity, and enable a transition to a low-carbon, resource-efficient economy. Aligned with the Group's ESG Strategy and Environmental Agenda 2030, the T&A Plan brings together a comprehensive set of measures to manage climate-related risks and opportunities across the Group's value chain — integrating climate adaptation, energy transition, biodiversity protection, and operational preparedness.

Governance and Oversight

The Plan is governed by the Board of Directors, with operational accountability resting with the Board of Management, including the Group CEO and Managing Directors of each business unit. Strategic implementation is driven by the Corporate Affairs, Risk Management, and Finance Divisions, while ESG Champions and the Group Environment Committee provide cross-functional coordination and performance tracking. This structure ensures that climate action is embedded within the Group's Enterprise Risk Management (ERM) framework, enabling the identification, mitigation, and monitoring of both physical and transition risks related to climate change.

Energy and Emissions Reduction

The Group targets a 25% reduction in energy consumption by 2030, with performance tracked against a 2018 base year. Scope 1, 2, and 3 emissions are monitored using the IPCC-aligned GHG Protocol, with carbon intensity (measured as MT CO_2 per Rs. million in revenue) serving as a key performance indicator. Emissions and energy-related KPIs are reviewed quarterly by the Board and Sustainability Champions.

Nature-Based Adaptation and Biodiversity Protection

The Group actively contributes to climate mitigation through ecosystem restoration programs in Talawakella, Balangoda, Anawilundawa, and Kotakanda, enhancing biodiversity while delivering carbon sequestration benefits. These efforts complement the Group's environmental stewardship commitments and support the resilience of Sri Lanka's endemic species threatened by climate change.

Key Pillars

Strategic Investments

Over Rs. 746 million has been invested in solar energy infrastructure, with additional capital allocated to energyefficient chillers, Building Management Systems (BMS), and lighting upgrades. These initiatives have collectively enabled savings of approximately 2.1 million kWh from the national grid, reducing both emissions and energy costs.

Stakeholder and Community Engagement

The T&A Plan is shaped through ongoing engagement with employees, senior leadership, suppliers, and local communities. Initiatives like the partnership with the Wildlife and Nature Protection Society demonstrate the Groups' collaborative approach to biodiversity and conservationlinked climate strategies.

Operational Alignment and Climate Resilience

All business units have integrated climate-responsive practices into their operations — including rainwater harvesting, water recycling, zero-liquid discharge systems, and Business Continuity Planning (BCPs). These measures mitigate disruption from floods and droughts, supporting revenue continuity, regulatory compliance, and brand resilience.

Capacity Building and Climate Literacy

The Group fosters a climate-smart workforce by training employees in solar power deployment, BMS management, and water management systems.

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*The values for FY 24 have been restated due to the change in the Grid Emission Factor published by the Sri Lanka Sustainability Energy Authority Energy Balance Report 2021

Tracking of Scope 3 of Group Carbon Footprint

4,458 MT

Scope 3

120

(Employee Commute and Business Travel)

During the year, the Group evaluated all 15 categories of the GHG protocol for Scope 3 Carbon Footprint and identified categories such as, purchased goods and services, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travel, Employee commuting, Upstream leased assets, Downstream transportation and distribution, and End-of-life treatment of sold products and as relevant to the business.

In the previous reporting year, the Group tracked employee commuting and local business travel as part of its Scope 3 carbon footprint. In the current reporting year, this was expanded to include international business travel. In the upcoming financial year, the Group plans to further enhance its tracking process by incorporating additional relevant categories outlined in the GHG Protocol.



Source of Carbon Footprint



Carbon Intensity of Group



ENERGY CONSUMPTION

Energy Reduction Goal:

25% through renewable sources by 2030

Progress:

Rs. 746 Mn invested in renewable energy

11% of all energy generated from renewable sources

The Group strives to minimise its environmental impact, and energy consumption is a key focus area in its efforts. The Group is committed to efficient use of fossil fuels and electricity, striving to reduce its carbon footprint. As part of its comprehensive Group Environmental Agenda, the Group has established an energy reduction goal, which strives to obtain 25% of energy through renewable sources

The Group actively works towards reducing its reliance on fossil fuels and has made significant strides towards renewable energy sources. During the last financial year, the Group invested Rs. 746 million to install solar panels on rooftops across key operational locations. This expansion complements Group's existing commitment to solar energy, with Hemas Hospitals already utilising solar energy since 2014. By



GJ	FY 25	FY 24*	FY 23
Direct Energy	37,681	32,211	28, 860
Fossil Fuel	29,985	28,471	28,432
Diesel	8,710	9,056	10,428
Petrol	632	263	382
Furnace Oil	19,594	18,058	16,751
LPG	1,049	1,095	871
Renewable Energy			
Solar Power	7,697	3,739	428
Indirect Energy	70,145	74,416	73,090
Hydro and Renewable	34,371	36,464	35814
Thermal	35,774	37,952	37,276
Total Energy	107,826	106,627	101,950
Energy Intensity GJ Per Rs. Mn Revenue	0.9	0.9	0.9

*The values for FY 24 have been restated due the change in the Grid Emission Factor published by the Sri Lanka Sustainability Energy Authority Energy Balance Report 2021

investing in roof-mounted solar, the Group aims to minimise its carbon footprint and reduce the impact of its operations on the environment. In addition to reducing atmospheric carbon footprint and ozone depletion, this shift towards alternative energy sources has prepared the Group to face price volatility and reduction of GHG emissions that create Climate Change.

During the year 2,137,937 kWh of electricity was obtained from renewable sources resulting in a renewable energy percentage of 11%. The expansion of the renewable energy portfolio will continue with Home and Personal Care factory in Dankotuwa transitioning to solar power in the coming year.

During the year, the Group continued to make strategic investments in energy efficiency and renewable energy across its operations. These initiatives focused on reducing dependency on fossil fuels, optimising operational energy use, and lowering the Group's carbon footprint.



Shift to renewable energy at significant operational locations





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Energy Reduction Initiatives

Home & Personal Care

Compressed air leak elimination in personal care plant to reduce unnecessary energy use.

Manufacturing Facility - Dankotuwa

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24,000 kWh annual reduction in electricity use

Rs. 288,000 approximate cost savings

Energy Efficiency Initiatives

Home & Personal Care

Installation of new industrial chiller system to optimise cooling efficiency.

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Manufacturing Facility - Dankotuwa

246,000 kWh annual reduction in grid electricity use

Rs. 2,952,000 approximate cost saving

Shift to Renewable Energy

Hemas Corporate Office

Solar energy generation from rooftop systems.



Corporate Office Braybrooke Place



73,728 kWh generated annually

Rs. 2,506,752 approximate cost saving

Pharmaceutical Distribution

Relocation of outdoor AC units to reduce energy draw by minimising distance and height.



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saving

systems.

saving

Head Office - Colombo

Learning Segment

Operational energy efficiency improvements through equipment

upgrades and system optimisation.

Manufacturing Facility - Peliyagoda

315,108 kWh annual energy saved

Rs. 4,096,404 approximate cost

Learning Segment

Solar energy generation from rooftop

Manufacturing Facility - Peliyagoda

814,092 kWh generated annually

Rs. 10,583,196 approximate cost

6,000 kWh annual estimated energy savings

Rs. 204,000 approximate cost saving



Impact of Energy Saving Initiatives

3,466,148 kWh

Annual Energy Saved

Rs. **44.6** Mn Approximate Cost Savings

Pharmaceutical Manufacturing

BMS Optimisation: Economical Air Handling Unit (AHU) operation, Supervisory Control and Data Acquisition (SCADA) automation, humidity control adjustments, and timer installations.

Manufacturing Facility - Pitipana

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1,824,000 kWh reduction in annual energy usage

Rs. 21,888,000 approximate cost saving

Pharmaceutical Manufacturing

Rooftop solar installations to reduce dependency on grid electricity.



Manufacturing Facility - Homagama



1,325,724 kWh Projected annual generation

Rs. 15,908,688 approximate cost saving

SAFEGUARDING OUR ECOSYSTEMS AND EFFORTS TO OFFSET THE GROUP CARBON FOOTPRINT

The Group continues to prioritise the protection of Sri Lanka's ecosystems as a core aspect of its environmental sustainability strategy. Recognising the increasing risk posed by biodiversity loss and the intrinsic value of natural ecosystems, the Group supports forest restoration, sustainable land use, and conservation-focused partnerships to both mitigate environmental impacts and contribute to carbon offsetting goals.

During the year, the Group advanced several biodiversity initiatives:

Project	Objective	Land Extent	Impact
Balangoda Reforestation Project	Restoration of degraded forest land	15 acres	57.8 acres
Anawilundawa Mangrove Restoration	Conservation and restoration of coastal mangrove ecosystems.	9.8 acres	6 CLEAN HATTER AND SANTATION
Kotakanda Restoration (Dankotuwa)	Reforestation and ecological enhancement of land.	8 acres	13 CLIMATE
Maskeliya Oya Waterway	Build linking foliage corridors to connect key protected Forested areas	13 acres	14 LEFE BELOW MATER
NanuOya and Ogra Oya Waterway in Thalawakele	Build linking foliage corridors to connect key protected Forested areas	12 acres	15 LIFE ON LAND

These projects were implemented in collaboration with key environmental stakeholders including the Wildlife and Nature Protection Society, Rainforest Protectors, and local communities.

To minimise its operational impacts on biodiversity, the Group implemented robust risk mitigation and impact management processes, including responsible waste disposal, energy and emission monitoring with reduction initiatives, water recycling and rainwater harvesting to conserve resources. Additionally, secondary containment systems and proper storage protocols safeguard against accidental spills and leaks, further protecting biodiversity.

The Group recognises the importance of biodiversity and are committed to integrating this consideration into its supplier selection process in the forthcoming years, focusing on significant suppliers where it has the greatest influence.



Hemas volunteers join our partners in reforestation initiatives

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Sri Lanka is a global biodiversity hotspot. Yet, habitat loss, pollution, and overexploitation threaten many endemic species. In response, the Group partnered with the **Wildlife and Nature Protection Society (WNPS)** to launch a landmark conservation project.



Scientific Research

Practical Conservation

Community Engagement

17 Species to date

10 Extinct am

Extinct amphibian species with conservation just initiated

HEMAS X WNPS: SAFEGUARDING SRI LANKA'S NATURAL HERITAGE

Protecting **52** Critically Endangered Endemic Species

Over 6 Years



Rare & Endemic Plant Conservation

12 Plant Species

Species Name	Common Name	Significance	Conservation Actions		
Cryptocoryne walkeri ●	Athiudayan	Helps prevent soil erosion and provides shade for fish	 Plants were grown using tissue culture to increase their numbers. Planted in natural streams in Badulu Oya. 		
			 Some plants were planted at Seethawaka Botanical Garden. 		
			 Awareness sessions conducted for school children and officials about the plant's importance. 		
Aponogeton jacobsenii	Kekatiya	Supports life in clean river	 Plants were grown from seeds. 		
•		streams	 New plants were added to areas where the species used to grow. 		
			• Students and officers were educated about the plant and how to protect it.		
Impatiens subcordata	Kudalu	A rare flower rediscovered	Plants were grown from stem pieces.		
•		after many years	 New plants were placed in forest areas. 		
			 Awareness programs were held for students and officials. 		
Vanilla moonii	_	A rare local orchid with	• Plants were grown from stem pieces.		
•		cultural and ecological	 They were planted in suitable forest areas. 		
		value	 Some are kept at Seethawaka Garden for safety. 		
			• Awareness programs were held in nearby schools.		
Kayea stylosa ●	Suwanda	A fragrant tree found only in one forest	 Seeds were collected and grown into young trees. 		
			 Some trees were planted at Seethawaka Garden. 		
			 A survey was done to assess the size of the natural population. 		
			 Plantlets were propagated through seed germination. 		
			 Some trees were planted at Seethawaka Botanical Garden. 		
Stemonoporus moonii	Hora Wel	A forest tree with special flowers	 Young plants were produced using layering methods. 		
			• Some were planted at Seethawaka Botanical Garden.		
Aponogeton rigidifolius	Kekatiya	Found in southern rivers and supports freshwater life	• A survey was done to assess the size of the natural population and distribution.		
			 Healthy plants were collected to perform tissue culturing. 		
			 Seeds were used to grow young plants. 		
			 Plants are being prepared for planting in the wild. 		
Cryptocoryne bogneri	_	Grows in shaded streams and is very rare	• The distribution of the plant was assessed using field surveys.		
			• Mother plants were collected for tissue culturing.		
			 Plantlets were propagated through rhizome. 		
Justicia capitata	_	Supports riverbank health	• Plants were collected from the wild.		
•		and biodiversity	 New plants were grown at the university. 		

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Species Name	Common Name	Significance	Conservation Actions
Polyspora dassanayakei ●	-	A tall tree with pink flowers found in high hills	 Seeds were collected and planted. Some young trees were grown in a forest research center. A plant house was improved to care for these trees.
Shorea ovalifolia	Pini-Beraliya	Large tree once thought extinct	 The tree was rediscovered in the wild. Seeds are being collected to propagate.
Alphonsea hortensis	-	A tree now only found in gardens	 Over 150 new trees were grown from seeds. Suitable places are being chosen to plant them back in nature.

Freshwater Fish Conservation

3 Freshwater Species

Species Name	Local/English Name	Significance	Location	Conservation Actions
Systomus asoka •	Asoka Pethiya	A strong-swimming river fish important to	Seethawaka & Kelani Rivers	• Two fish tanks were set up at the zoo to breed the fish.
		ecosystems		 Ten fish were caught and brought to start breeding.
Devario monticola	Mountain Danio	Found only in clean mountain streams	Agra Oya, Nuwara Eliya	• Three fish were caught and taken to Uva Wellassa University.
				 Breeding was started in tanks.
Schistura madhavai	_	Rare fish found in forest streams	Suriyakanda, Sinharaja	• A plant nursery was built to protect its stream habitat.
•				• Surveys were done to understand its needs.
				 Awareness signs and school programmes were introduced.

Endangered Insect Conservation

2 Rare Insect Species

Species Name	Common Name	Significance	Location	Conservation Actions
Aneuretus simoni	Sri Lankan Relict Ant	A rare ancient ant found only in Sri Lanka	Meethirigala, Lenagala, Knuckles	 Rubbish was cleared from the forest. Dead wood was added to help with nesting. Ant colonies were moved to safer forest areas. Awareness sessions and signboards were put up
Arhopala ormistoni •	Ormiston's Oakblue	A butterfly seen again after nearly 100 years	Gal Oya NP, Walawwatta- Wathurana	 Plant studies were done to identify its food and habitat.

WATER MANAGEMENT

Water Consumption and Effluent

The Group recognises water as a critical and increasingly scarce global resource. In line with its Environmental Agenda 2030, the Group is committed to being a responsible steward of water across all its operations. A Group-wide target has been set to reduce overall water consumption by 50% by 2030, and all business units are expected to contribute towards this goal through site-specific conservation and reuse initiatives.

Water use is managed as a standard business practice, with regular tracking, monitoring, and efficiency reviews in place across operational sites. Water withdrawals and discharges are measured primarily through installed water meters, and where meters are not available, estimates are calculated based on pump runtime and flow rates.

To minimise impact on surrounding ecosystems, all wastewater discharge is treated and monitored to ensure full compliance with relevant regulatory requirements, including the Environmental Protection License (EPL) standards. In certain locations, the Standards for Wastewater Management and Licensing (SWML) also apply, and all requirements under both the EPL and SWML are fully complied with.

Water Intensity Reduction Goal:

50% reduction in water intensity by 2030

Progress:

56,442m³ of water consumed across the Group

6.2% reduction against the previous year

Water is extensively used in many of the production processes in the Consumer Brands and Healthcare Sectors, and by staff and patients in the Hospitals. In addition, water is utilised for staff consumption, cleaning and sanitation purposes in all three sectors and officebased locations.



Water Withdrawal by Sector



During the year, the total water withdrawal amounted to 175,412 m3 [FY 24: 192,626m3]. The Group meets 87.9% of water requirement through third-party water sources (municipal water suppliers) and the rest through well water. 88.1% of the Group's water withdrawal is from non-water stressed areas where annual rainfall is over 1,500 mm/year. All water used were freshwater. The total water consumption of the Group was 59,501m3 [FY 24: 62,085m3]. During the year, the Group discharged 115,911m3 [FY 24: 130,541m3] of wastewater. Water was discharged through effluent treatment plants at sectors and all water discharged took place as per the standards stipulated in the respective Environment Protection License (EPL)s. The Group discharged 93% of its water to areas that are considered as not water-stressed.

All production facilities have onsite Effluent Treatment Plants to ensure that wastewater released into the environment is treated and meets the stipulated standards mandated in the EPLs of the sectors. In accordance with respective EPLs, effluent quality in terms of BOD, COD, TSS, pH and Oil and Grease is monitored multiple times during the year, both by internal teams and external labs.

Home and Personal Care

The manufacturing factory has regular in-house and quarterly external testing of wastewater and spill kits in place to prevent any spills of chemicals, oils, fuel, or waste.

Learning Segment

The factory has two wastewater treatment plants, where all waste is collected, and the remaining chemical sludge is incinerated with a licensed supplier.

Pharmaceutical Manufacturing

The facility records zero liquid discharge, and as a result any wastewater is treated to a level where it can be reused or safely evaporated, with no liquid waste released into the environment. Any residual solid waste is securely disposed of by a certified waste management company, ensuring a comprehensive and responsible approach.

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Hospitals

The Hospitals maintain their Sewerage Treatment Plants (STP) and test the effluent water quality quarterly by a Central Environmental Authority (CEA.) accredited laboratory, ensuring no spills of chemicals, oils, fuel, or water through strict SOPs.

All locations have secondary containments in place for chemicals, fuels, hazardous materials, and other substances to prevent environmental contamination in the event of a spill or leak. There were no recorded significant spills during the year and there were no instances of non - compliance with EPL terms during the year.





The Group is committed to water stewardship across its operations and a variety of initiatives have been implemented to reduce water usage and ensure efficient water management.



Rainwater harvested



Personal and Home Care

Recycles treated effluent water for in-facility use

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3,384 m³ annual water reused

Learning Segment

Treated wastewater reused for agriculture and horticulture

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1,800 m³ annual water reused

Pharmaceutical Manufacturing

Treated water reused for toilet flushing and cooling tower operations

28.800 m³ annual water reused

Rainwater Harvesting

Pharmaceutical Manufacturing

With the use of rainwater harvesting tanks, rainwater is collected and used for secondary purposes including garden irrigation

Up to **40,000** litres storage capacity



Rainwater harvesting tanks at Pharmaceutical Manufacturing

WASTE MANAGEMENT

Solid waste management remains a material topic for the Group, as all core sectors generate significant amounts of solid waste as part of its production process or operations. Amongst these, the Consumer Brands and Healthcare Sectors account for the for the largest share of total waste generated, due to the nature and scale of its operations. The Group's waste management strategy prioritises the following:



- Enhanced segregation
- Reduction at source
- Diversion of waste away from landfills through recycling, recovery, and responsible disposal practices

Given the Group's manufacturing operations, waste generated are mainly from packaging material, both sourcing and end-user consumption points as well as solid waste and scheduled waste during the manufacturing process. The impacts of these waste streams are managed holistically, by adopting global best practices in waste management and incorporating them throughout the product lifecycle.

Production technology and processes are continuously upgraded to ensure minimal wastage during production, stringent processes are in place to dispose of waste responsibility in line with conditions stipulated in respective EPLs and ongoing research is carried out to reduce waste in packaging materials, being cognisant of our target segment as well. Meanwhile, R&D teams within the Consumer Brands Sector are also actively working with the Central Environmental Authority (CEA) to analyse consumption patterns and develop future action plans to reduce and better manage end user waste disposal.

Waste Management Processes of the Significant Sectors				
Consumer Brands Sector	Healthcare Sector			
 Recycling of plastic cans, wood pellets, steel and plastic barrels, paper, cardboard, iron waste and waste oil through third party partner. 	 Clinical waste generated at Hemas Hospitals is subject to stringent procedures pertaining to waste storage, management, handling, and disposal stipulated the EPL and/or the SWML issued by the CEA. 			
• The Learning Segment follows the 4R concept to ensure responsible disposal of waste and	 Waste segregation is practiced across all locations and non-hazardous waste is sent to be recycled by third parties. 			
 ensures zero waste to landfill. Food waste sent to piggery farms to avoid landfill. 	Hazardous waste including chemical sludge and powder waste are sent			
	to INSEE for co-processing. The Pharmaceutical Distribution business collaborates with Colomba			
 Chemical sludge is co-processed via INSEE cement kiln, an environmentally sound disposal method. 	Municipal Council (CMC), INSEE, N-care, and Neptune Papers for safe disposal of general waste, pharmaceutical waste, e-waste, and paper waste.			
 Ink and glue waste at the Learning Segment is treated before disposal and cotton waste is segregated at source for improved recovery. 	 Data logger dismantling at the Pharmaceutical Distribution business warehouse is conducted via Infinity Green International to prevent hazardous e-waste leakage. 			
	 Non-hazardous waste is sent to a CEA-authorised third-party supplier for recycling purposes. 			

The Group closely monitors waste generated and reports on disposal methods of operational waste generated.

Hazardous Waste (Kg)		Disposal Method	Non-Hazardous Waste (Kg)		(Kg)	
FY 23	FY 24	FY 25		FY 25	FY 24	FY 23
7,478	9,303	18,126	Reuse	40,929	43,976	33,332
548	2,893	33	Recycling	1,002,836	1,145,255	1,073,389
			Composting	46,125	20,384	19,514
	320	1,492	Recovery			
211,148	261,246	224,320	Incineration	144,130	196,429	212,425
			Deep Well Injection			
			Landfill	206,196	12,601	33,379
18,788	33,784	25,197	On-Site Storage	5,407	2,600	3,084
237,962	307,546	269,168	Total	1,465,623	1,421,245	1,381,563

Total Waste



The Hemas Group remains committed to reducing its environmental footprint by embedding responsible waste management practices across its operations. Recognising the diverse nature of waste generated across its sectors, the Group has implemented targeted initiatives focused on minimisation at source, improved segregation, increased recycling, and safe disposal. These initiatives not only reduce landfill dependency but also contribute to a circular economy and support community engagement.

Natural Capital

WASTE REDUCTION AND MINIMISATION AT SOURCE

Home & Personal Care

Relaunched Kumarika shampoo with redesigned packaging, resulting in SKU-wise plastic savings.

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80ml SKU: 14.73% Annual plastic saving

180ml SKU: 3.4% Annual plastic saving

Reduced the inner bag length of Fems products to minimise plastic consumption.

120 Kg annual plastic reduction

Reduced the pouch thickness of Fems products by 10 microns to lower plastic usage.



327 Kg annual plastic reduction

Eliminated plastic wrappers for Velvet soap and transitioned to carton packaging.

7,244.4 Kg annual plastic reduction

Replaced the Baby Cheramy laundry bottle with the Diva 600ml bottle to improve plastic efficiency.

21% plastic saving

Learning Segment

Improved segregation of cotton and other waste types at source.

Manufacturing Facility - Peliyagoda and Welisara



60% improvement in waste segregation

Pharmaceutical Manufacturing

Reduction of polythene use by replacing triple polybags with singlelayer polybags; reuse for internal handling.



Manufacturing Facility - Pitipana



70% reduction in polythene usage (from 0.8Mn to 0.16Mn)

Optimised Bill of Materials (BOM) and supplier engagement to reduce packaging rejection



Bottles: reduced from 6.07% to 4.16%

Caps: from 5.18% to 2.17%

Transition from High Density Polyethlyne to Polyethylene Terephthalate bottles for cost and material efficiency.



36% reduction in plastic use

Switched from plastic to glass bottles for water.



Approximately 100 bottles/month reduction in plastic use

Responsible Management of Plastic - From Design to Disposal

1,634,800+ KG

Plastic collected to date











As part of its commitment to responsible plastic manufacture and disposal, the Group has adopted a comprehensive approach that spans from sustainable product design to post-consumer waste recovery. The Group has set a clear and ambitious goal to collect back 100% of the plastic it sends to the market, reinforcing its commitment to tackling plastic pollution. This year, the Group set an interim target to collect 37.5% of the plastic it placed on the market, a goal that was successfully achieved. Initiatives supporting this commitment include bale sites in Galle, Ampara, and Polonnaruwa, as well as community collection bins and structured internal recycling practices. Hemas was also the first corporate to initiate a beach caretaker project in Jaffna, in partnership with Clean Ocean Force, setting a precedent for private sector engagement in coastal conservation. Today, Hemas continues to support ongoing beach caretaker programmes to protect Sri Lanka's coastline. These initiatives form a critical part of the Group's agenda to ensure that plastic is managed responsibly across its lifecycle and aligned with national and global sustainability goals.