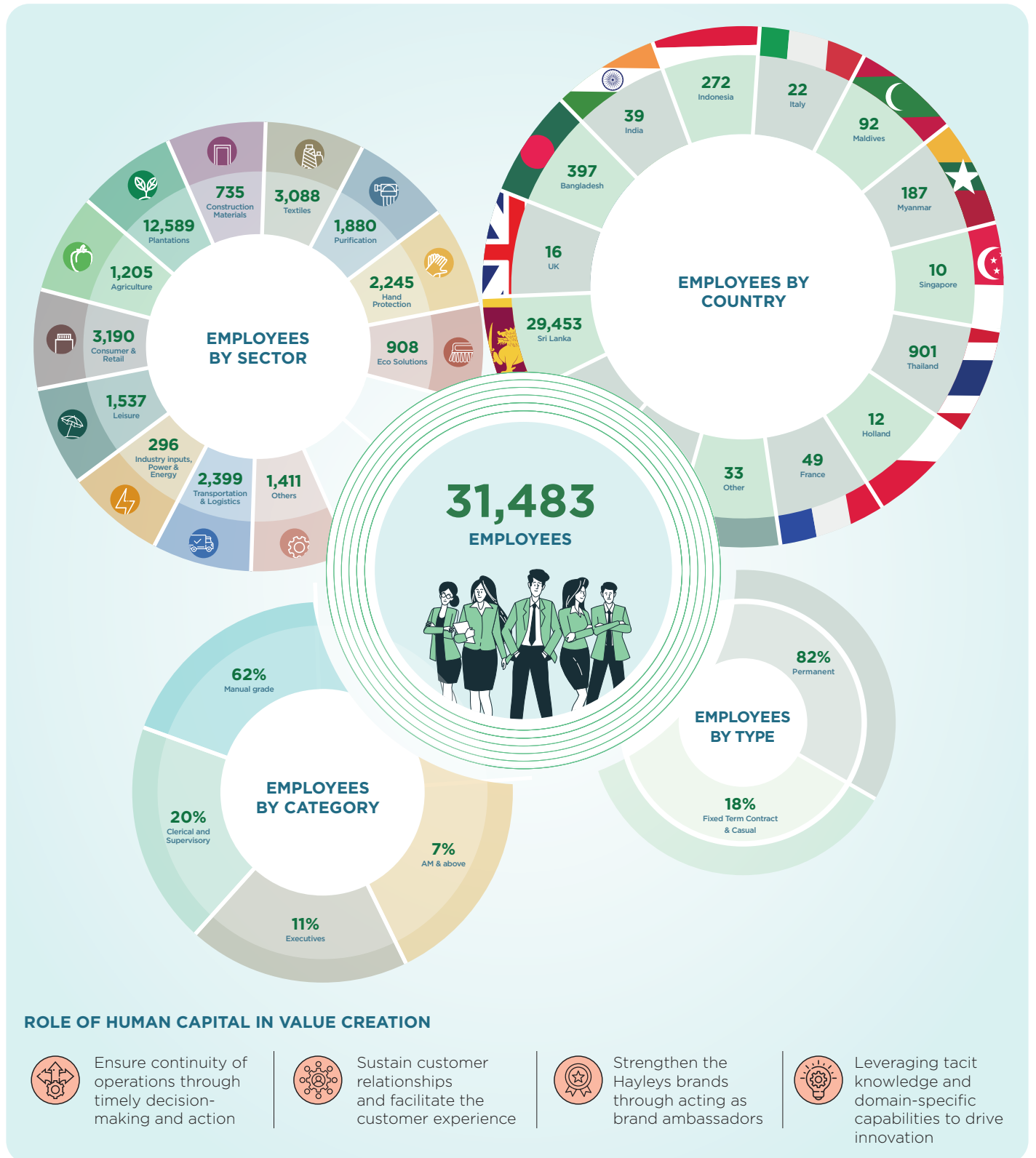
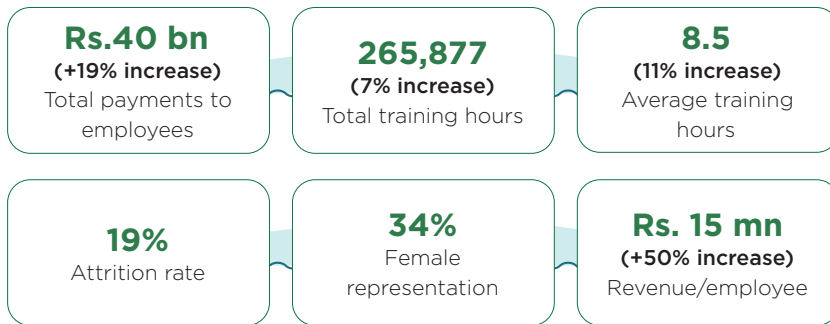


HUMAN CAPITAL

The 31,483 strong Hayleys family is the Group's most valuable asset and significant differentiator, bringing our ambitions to life through their skills, knowledge, attitudes and values.



HOW WE MEASURE SUCCESS



HIGHLIGHTS 2022/23

- Numerous initiatives to safeguard employees from the hardships of the economic crisis
- Training interventions to drive leadership capabilities across the Group
- Strengthen efficiencies of HR processes through the Human Resources Information System (HRIS)

HOW WE MANAGE TALENT

Many Sectors within the Group operate their own Human Resource departments that are supported by specialist services by the Group's centralised HR function. The Group HR function plays a predominant role in ensuring adherence to Group Policy and alignment to people strategies.

Policies and procedures

The Group's HR policies and procedures have been designed to align with legal and regulatory frameworks and global benchmarks (on a voluntary basis) including UN Global Compact Principles 1 to 6. The Group also adheres to the fundamental principles and rights at work set out in the ILO Declaration which includes recognising employees' freedom of association and the right to collective bargaining, elimination of forced or compulsory labour, abolition of child labour and elimination of discrimination in respect of employment and occupation.

The Group's comprehensive HR policy framework covers all aspects relating to people management including recruitment, development and performance management among others

People aspirations of the Hayleys Lifecode



ENGAGED TEAM

Targets for reducing general attrition and new hire attrition



HEALTH AND SAFETY

Safe workplace with minimal vulnerabilities to significant workplace injuries



LEADERSHIP AND SUPERVISORY DEVELOPMENT

Development of leadership capabilities



PERFORMANCE-DRIVEN CULTURE

Strengthen scope and coverage of performance management systems

TALENT REVIEW

The Hayleys family is represented by our 31,483 strong workforce, whose collective knowledge, attitudes and diversity drive the Group's value creation aspirations. The Group's human capital at a given time, is directly linked to the quantum and quality of people capabilities required to drive its strategic objectives. The conditions that prevailed in the country during the year triggered an exodus of skilled professionals pursuing overseas opportunities, resulting in many sectors and businesses facing high turnover levels. This contributed towards the reduction of total employees by 4%.

	2023	2022	2021	Movements during the year	
Total employees	31,483	32,840	30,765		
Permanent employees	26,085	26,569	25,366	Employees at the beginning of the year	32,840
Contract employees	4,753	5,552	4,564	Recruitment	4,891
Casual employees	645	719	835	Turnover	6,248
Female employees (%)	34%	35%	37%	Total employees by the end of the year	31,483
New employees	4,891	5,739	4,053		

HUMAN CAPITAL

Permanent employees by gender			
16,948	Male	Female	9,137
Permanent employees by region			
24,619	Sri Lanka	Overseas	1,466
Fixed Term Contract & Casual employees by gender			
3,760	Male	Female	1,638
Fixed Term Contract & Casual employees by region			
4,909	Sri Lanka	Overseas	489

PROFILE OF NEW RECRUITS

By Gender	No./Rate	By Age	No./Rate	By Region	No./Rate
Male	3,487 (71%)	Less than 30 years	3,303 (68%)	Sri Lanka	4,562 (93%)
Female	1,404 (29%)	30-49 years	1,486 (30%)	Overseas	329 (7%)
		>50 years	102 (2%)		



→ Training and Development

Multiple training interventions aimed at strengthening leadership capabilities, communication skills, technical skills and other critical skills required for personal growth and business performance

→ Care and Welfare

AREAS OF FOCUS IN 2022/23

In view of the severe hardships faced by our employees due to the country's economic upheaval, a host of measures were taken to safeguard them. These measures included,

- Providing daily transportation facilities through the deployment of 22 buses along 14 routes at the peak of the crisis, with a total beneficiary base of over 850 employees.
- Facilitating access to essential items through partnerships with retail businesses and our plantation Sector. Cultivation across our operating locations and distribution of dry rations and other essentials across Sectors
- Temporary relief allowances to ensure financial well-being



↓ HR Process Efficiencies

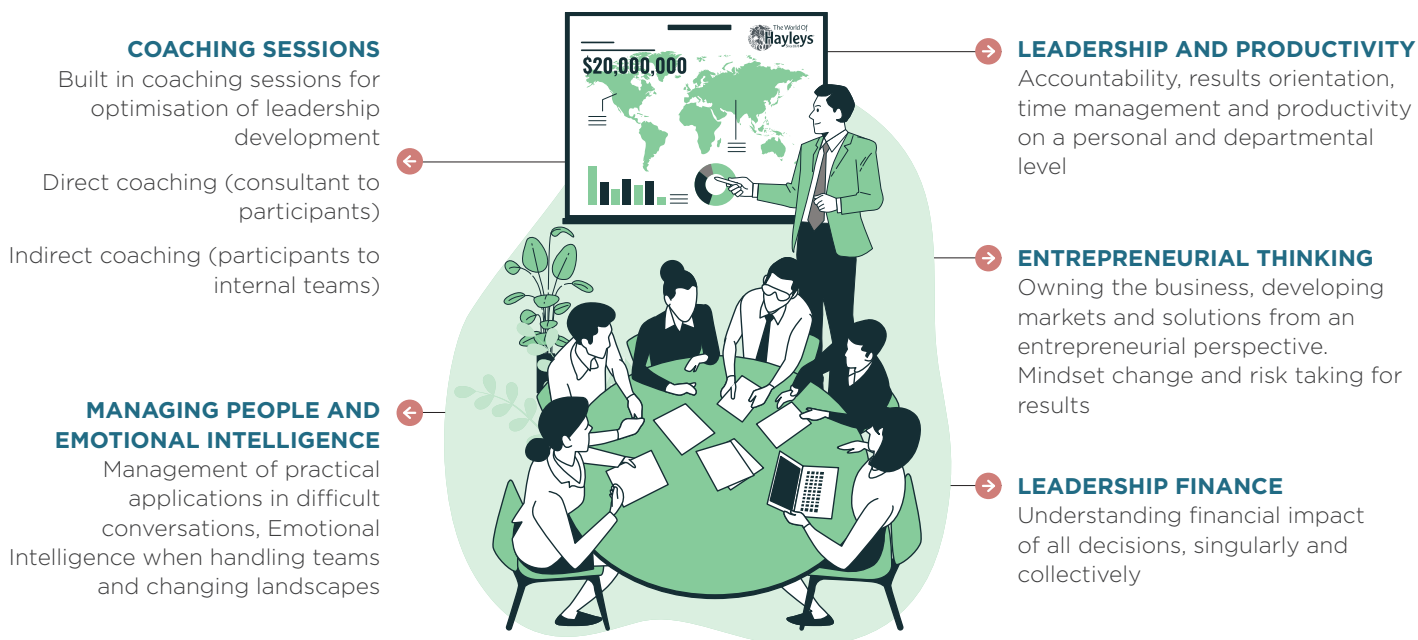
- Driving paperless processes for administrative functions across Sectors
- Several new modules added to the HRIS including succession planning and talent management
- Ongoing Sector-level audits by Group HR to ensure correct use of HRIS in conducting appraisals, goal setting and payroll

ENHANCING OUR EMPLOYEE CAPABILITIES

We have identified critical future-skills and take proactive measures to equip our team with these capabilities to ensure they have the ability to thrive in rapidly evolving working environments. The Group adopts a blended approach of on-the-job training, structured programmes, coaching, cross-sectoral and cross-functional training and financial support for tertiary education to enhance employees' capabilities. The talent development agenda is driven by the Group HR function, with learning interventions conducted at both Group and Sector level. During the year, key areas of training focus included leadership skills, communication and interpersonal skills, stress management, technical skills and soft skills as well as a range of sector-specific training programmes.

Enabling leaders

Our Management and Leadership Development Programmes aim to strengthen our people for the future, equipping them with the capabilities to lead in different operating environments and accelerate succession pipelines. The multi-faceted initiative offered bespoke leadership programmes across selected sectors, covering all tiers of leadership and comprised a holistic learning experience which included coaching, psychometric testing and personality assessments. Key elements of the programmes are as follows:



Management and Leadership Development Programmes were carried out across multiple sectors during the year covering Hand Protection, Eco Solutions, Purification, Agriculture, Construction Materials, Transportation & Logistics and Consumer & Retail totalling approximately 16,000 learning hours across over 550 employees.



HUMAN CAPITAL

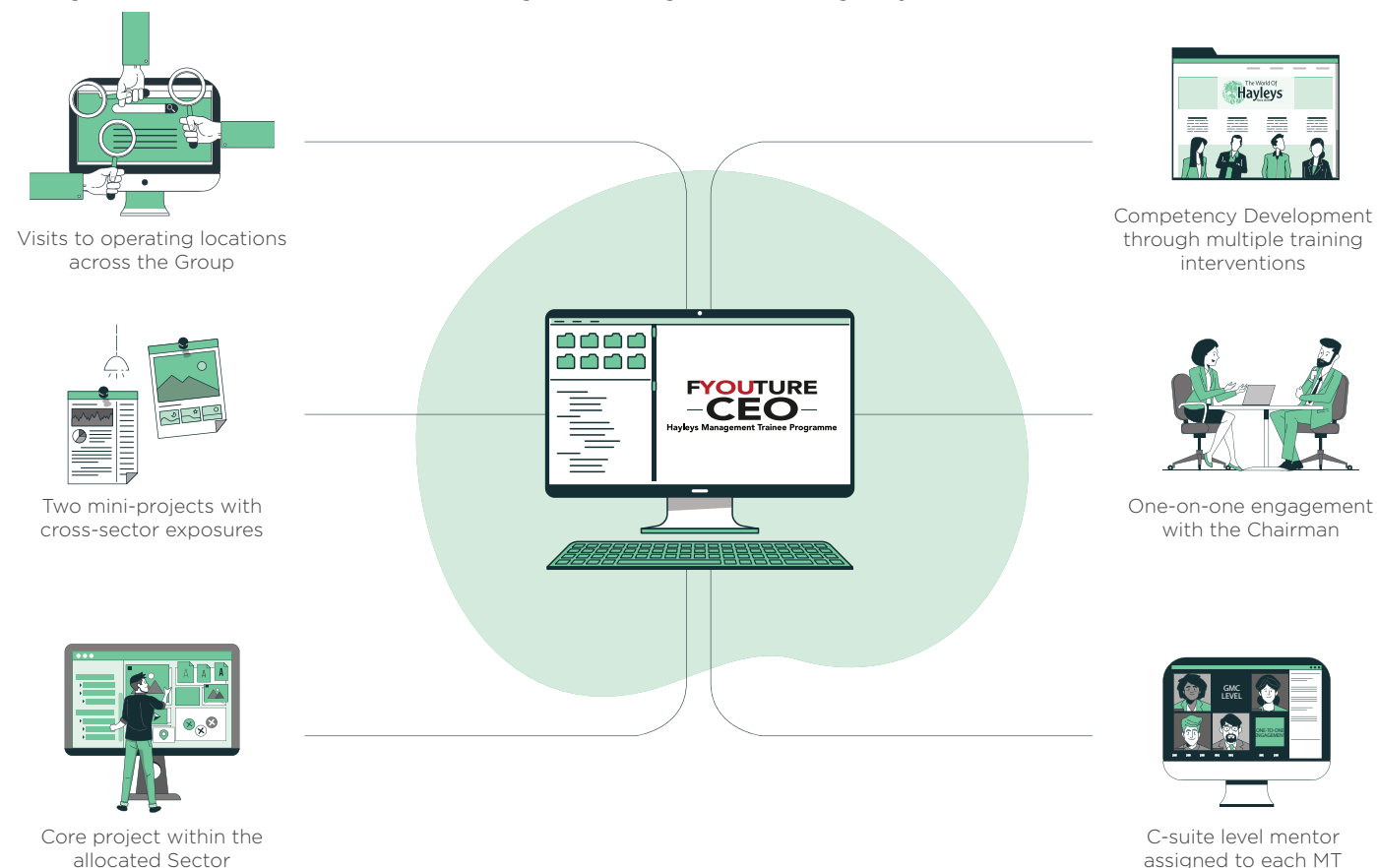
TRAINING RECORD 2022/23

Total training hours	2023	2022	2021
Total training hours	265,877	248,649	161,989
Investment in Training (Rs. mn)	180	69	18
Average training hours (by category)			
Managerial	15.31	35.0	10.1
Executive and Junior Executive	16.18	10.2	6.7
Others	6.87	5.1	4.8
Average training hours (by gender)			
Male	8.99	7.6	4.9
Female	7.40	7.1	5.9
Average training hours/employee	8.45	7.6	5.3

Quality and effectiveness of training interventions are assessed through a feedback form which captures feedback on the content delivered, effectiveness of the facilitator, style of delivery, breadth and depth of content and co-ordination of the programme.

HAYLEYS MANAGEMENT TRAINEE PROGRAMME

The Group’s much-sought-after Management Trainee (MT) Programme was rolled out during the year, featuring several new unique elements to offer an immersive learning experience for aspiring young professionals. This year, the selection of potential candidates was conducted internally through a stringent and systematic process which included a 7-step filtration process. 6 Management Trainees were inducted to the Programme and graduated during the year.



EMPLOYEE INSIGHTS

Effective employee engagement is vital in maintaining a motivated, committed and satisfied workforce. While engagement had largely shifted to digital platforms following the outbreak of COVID-19, the year under review saw the normalisation of engagement activities to a certain extent, with events such as the Sports Awards and annual Children's party held after a hiatus of 2 years.

Key highlights during the year are summarised below:

Engagement platform	Impact
Internal communications Quarterly CONNECT magazine and employee broadcast conducted through Office 365 platform	To ensure employees are connected with happenings across the Group and its people
Satisfaction surveys Most Sectors conduct internal and/or third-party facilitated employee satisfaction surveys	Obtain employees' feedback and concerns and reveal areas for improvement Several Companies successfully obtained/maintained the Great Place To Work certification during the year in review
Cultural, sports and other events Year-round calendar of events including Sports Awards and Musical Night, Pirith, alms giving, multi-religious ceremony, art competition, children's party, hospital donations, sports tournaments including online chess, table tennis, swimming meet, cricket 6s	Build camaraderie, team spirit and overall satisfaction

INDUSTRIAL RELATIONS

The Group recognises our employees' right to association and collective bargaining. Approximately 15% of the Group's employees are covered by Collective Agreements and we have not identified any operations in which the right to freedom of association and collective bargaining may be at risk. Minimum notice periods vary depending on the sector and circumstances, but relevant collective agreements ensure that a reasonable notice period is given for operational changes. During the year, Group and Sector HR teams maintained cordial relationships with all trade unions and there were no disruptions to operations due to industrial action.

RIGHTS AND WORKING CONDITIONS

Fair and equitable labour practices are at the core of our employee value proposition and we strive to create a conducive work environment that is free of any discrimination and respects employees' rights.

In addition to regulatory compliance, our approach is aligned to international and national best practices, our values and code of conduct and are incorporated into the Group's HR policies and procedures. The Group also has a clearly defined and communicated grievance handling system, which allows employees to put forward any grievances without fear of reprisal.

Our commitment to employees include,

- Protection of human rights and fair employment
- Principles of non-discrimination
- Freedom of association
- Freedom to express concerns through established grievance and whistleblowing procedures without fear of reprisal

Sector	% of employees covered by Collective Agreements
Plantations	7%
Purification	34%
Hand Protection	24%
Agriculture	13%
Eco Solutions	30%
Consumer & Retail	34%
Textiles	32%

HUMAN CAPITAL

COMPENSATION, BENEFITS AND RECOGNITION

The Group's reward schemes include an array of market-competitive benefits that enable us to attract, motivate and retain employees. The Remuneration policy ensures a consistent approach across Group companies, while factoring industry-specific dynamics and regulations. Our benefits include components that are applicable across the Group as well as non-core benefits which are applicable to selected Sectors or employee groups. Group-wide benefits include medical and life insurance, fuel allowances, subscriptions and study assistance (for selected categories), Group discounts for Hayleys products, funeral fund and retirement benefit through the Hayleys Group Recreation Club. In addition, Sector-specific benefits given include enhanced gratuity payments and long-service awards.

APPROACH TO REMUNERATION

- Market competitive benefits, which were adjusted for the escalation in cost of living during the year
- Full statutory and tax compliance
- Equity and non-discrimination in remuneration

Remuneration highlights in 2022/23

Rs.40 bn

(+19%)

Payments to employees

Rs.1.28 mn

(+24%)

Remuneration/employee

CHAIRMAN'S AWARDS 2022

- The Group held its 10th annual Chairman's Awards in March 2023, recognising the inspiring achievements and commitment to excellence of its teams across diverse businesses. This year's Awards featured a new series of category awards, featuring top initiatives across ESG, Innovation, Quality and Lean Management and Service Excellence. A total of 205 employees across 25 project teams were recognised and felicitated at the Awards this year.



Parental leave: We provide female employees with parental leave in line with the country's labour laws. The Plantation Sector also offers crèche facilities which allow females to continue working after child birth. The Group's relatively high return-to-work levels are testament to the support given to new parents to manage the often conflicting demands of work and home.

PERFORMANCE MANAGEMENT

The Group's performance management framework aims to encourage employees to perform at their best and recognise them for their contributions. We also firmly believe that regular, fair and constructive performance related feedback drive personal growth, competency development and business contribution. The performance management process from goal setting to mid and end-year reviews for all employees in executive and above categories are conducted through the HRIS. Appraisals for all non-executive employees are conducted offline. Approximately 99% of our permanent employees undergo annual performance appraisals. Performance appraisals are based on the Balanced Scorecard and comprises goals that are SMART.

Performance management process

Individual employees set annual objectives aligned to the relevant business/department strategy, which are reviewed and approved by the relevant manager

Mid-year performance appraisal where progress against expectations and deliverables are discussed

Year-end performance review where final performance rating is confirmed



Goals based on
Balanced Scorecard



Competencies



Values

EMPLOYEE PRODUCTIVITY

During the year, we were cognisant of the potential mental stress and anxiety our employees could face given the unprecedented socio-economic challenges that prevailed. In addition to employee well-being (refer to page 254 for further information), this could also have an inevitable impact on productivity levels and the following measures were introduced to mitigate associated challenges.

- Ongoing engagement including daily check-ins by immediate supervisor
- Increased focus on mental well-being
- Expanding the scope and coverage of transportation services
- Equipped employees with relevant digital infrastructure and support to work effectively from home

Productivity indicators

Revenue per employee (Rs.mn)	
2020/21	7.84
2021/22	10.29
2022/23	15.48
Profit per employee (Rs.mn)	
2020/21	0.84
2021/22	1.02
2022/23	1.10

TALENT MOBILITY AND SUCCESSION PLANNING

The Group is placing strategic focus on strengthening leadership skills and building the talent pipelines that are required to drive its strategic aspirations. The talent management framework ensures effective succession planning for key roles through offering continued opportunities for development, mentoring and leveraging on the Group's culture of knowledge

sharing. In building internal talent pipelines, internal candidates are invited to apply for selected vacancies, prior to being advertised externally.

647 Promotions

from one level to another

216

Vacancies filled internally

HEALTH & SAFETY

The Group's Health & Safety policy sets the foundation for achieving high standards of care and a safe workplace for all employees and other relevant individuals. At Sector level this is further reinforced by compliance to safety certifications, incident reporting and stringent procedures to identify potential health and safety risks. These measures are summarised below;



H&S MANAGEMENT SYSTEM

The Group's H&S Framework is guided by a comprehensive H&S Policy and an H&S Audit Pool, which is represented by multiple Sectors. We also comply with all relevant regulations under the Factories Ordinance, BOI requirements and Labour Laws of Sri Lanka. Meanwhile several sectors within the Group including Hand Protection, Agriculture, Construction Materials, Textile, Purification, Transportation & Logistics and Projects & MEP also comply with the ISO 45000: 2018 OHS Management system certification



HAZARD IDENTIFICATION

Each Sector (particularly in the Manufacturing Sectors) operates dedicated OHS management departments, which are powered by qualified safety professionals. Hazard identification is also enabled by risk assessments relating to ISO 45000: 2018. Meanwhile digitalised OHS management systems are available in the Hand Protection Sector, which allows real-time, online reporting of accident/incidents



H&S SERVICES

In addition to dedicated professional OHS persons and visual communication, the Group offers emergency vehicles at sites, medical centres, dedicated nurses/medical representatives at facilities etc. The Group also has a fully qualified in-house nurse and employees are provided access to a medical practitioner free of charge

HUMAN CAPITAL

A culture of safety: Health and safety is an organisation-wide responsibility, and regular inventions are conducted across the organisation to nurture a culture of safety. These are driven under the leadership of dedicated and active OHS committees (mainly in the Sectors which comply with ISO 45001: 2018) which are represented by members from all levels of the organisation. Sectors such as Transportation & Logistics have also embedded OHS related KPIs into employee performance evaluations to ensure the nurturing of a safety conscious culture. In addition, ongoing safety trainings are provided to all employees based on the specific OHS risks faced by the Sectors; these include fire fighter training, first aid, incident investigation, behavioural training and emergency response training among others.

SAFETY RECORD IN 2022/23

	2023	2022	2021
Reported first-aid cases	147	236	229
Occupational injuries resulting in lost days	66	73	149
Lost man days due to accidents/injuries	1,076	2,111	1,861
Work-related fatalities	-	-	-

WELL-BEING

Physical well-being

During the year, the Group conducted a health camp for all employees located at the Head Office. The camp involved health tests and screening for all participants, with follow-up action recommended if required. In addition, employees are provided access to free consultations with a doctor. With the introduction of Zumba and Yoga sessions, we conducted awareness sessions on educating employees on the benefits of regular exercise. Awareness sessions on Vitamin D deficiency and Osteoporosis were also held during the year.

Mental well-being

We understand that the mental well-being of our employees play a key role in their behaviour, how well

they perform and how they interact with others. The severe economic hardships and uncertainty of 2022 had a significant impact on the emotional and psychological well-being of our people. In addressing this issue, we conducted a full-day programme on stress management, with the participation of our employees.

Gender parity at Hayleys

The Group continues to attract, engage, develop and provide opportunities for women to excel across all areas of the business. We are committed to increasing the female representation in leadership roles, thereby ensuring that diverse views are represented at senior levels. Our commitment to gender inclusivity is embedded through our HR policies and processes from recruitment and training opportunities to remuneration and promotions.

ENABLING POLICY ENVIRONMENT

RECRUITMENT POLICY

“Equal opportunity employer providing a workplace free from gender and racial discrimination”

ANTI SEXUAL HARASSMENT POLICY

Commitment to creating a healthy, inclusive working environment that enables employees to work without fear of sexual harassment

REMUNERATION POLICY

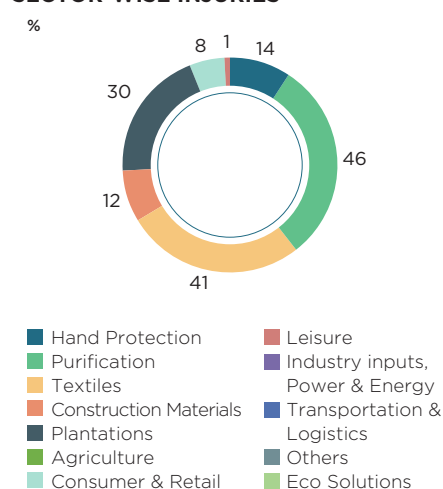
1:1 Remuneration ratio between men and women

Our policy ensures that employees doing similar jobs at the same level are paid equitably irrespective of gender

GRIEVANCE HANDLING POLICY

The policy provides a structured framework for complainants and complaint recipients on lodging and resolving a grievance

SECTOR-WISE INJURIES



HAYLEYS LIFECODE GOAL 2030

All employees to undergo training and awareness on anti-discrimination

Female representation



Career and skill development for women



Initiatives

PLANTATION SECTOR

Womb-to-tomb proposition for plantation workers, with females receiving comprehensive nutritional, healthcare and childcare support

HAYLEYS GROUP

Panel discussion in view of Women's Day, featuring several female leaders in the Group



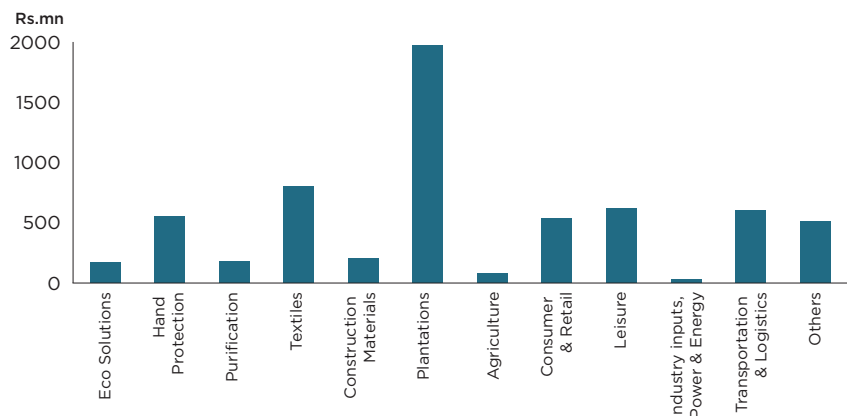
TALENT RETENTION

Retention emerged as a key challenge during the year, given the exodus of skilled professionals from the country in search of overseas opportunities. Talent retention strategies introduced across the Group with a view to meet current attrition challenges contributed to a large extent in reducing employee exits. Turnover levels were particularly high in the Leisure Sector, given the successive challenges faced by the industry over the past two years. Overall, the Group's retention rate reduced to 80%, from 85% the previous year. Further details of the Group's attrition during the year are summarised below:

Profile of exit employees

By Gender	No./Rate	By Age	No./Rate	By Region	No./Rate
Male	4,076 (65%)	Less than 30 years	2,649 (42%)	Sri Lanka	5,979 (96%)
Female	2,172 (35%)	30-49 years	2,431 (39%)	Overseas	269 (4%)
		>50 years	1,168 (19%)		

EXIT EMPLOYEES BY SECTOR



WAY FORWARD

From a people perspective, the most critical challenge we foresee in the short-term is talent retention. We are also cognisant of the potential well-being implications of the prevalent economic uncertainty and are committed to continuously supporting the needs of our employees, along with special emphasis on diversity and inclusion. Against this backdrop, our key priorities for 2023/24 will include,

- Continually driving industry specific talent retention strategies
- Development of leadership tiers and capabilities
- Ongoing focus on employee well-being and welfare
- Driving holistic, organisation-wide, diversity & inclusion initiatives