



HUMAN CAPITAL



The unwavering dedication and expertise of the Haycarb team serve as the foundation upon which we drive our strategic aspirations and foster innovation. We are committed to empowering our team with the knowledge, skills and opportunities they need to reach their full potential within a thriving work environment that prioritises their well-being



OUR HUMAN CAPITAL

1933

Employees across 7 countries

63% in Sri Lanka

37% overseas

463

staff with over 10 years of service

92%

Permanent employee retention rate

14%

female representation

280

New recruits

FOCAL AREAS IN 2023/24



- Investment in employee well-being in 2023/24: Rs 6.9Mn
- Investment in training and development in 2023/24: Rs 11.3 Mn (+54%)

VALUE CREATED IN 2023/24

- Re-organization of the HR function to improve the implementation of our HR strategy and enhance responsiveness to employee needs.
- Established Haycarb's own policies for grievance handling and remuneration in conjunction with the development of our ESG Roadmap 2030, "Activate".
- Continuous improvements to occupational health and safety and numerous programmes to enhance overall employee well-being.
- Ongoing emphasis on creating a learning organization through a multitude of training and development opportunities and fostering employee empowerment.
- Targeted development programmes to nurture the growth of middle management for senior leadership roles.
- Strengthened employee engagement through one-on-one meetings between the HR department and employees.

1. Payments to employees in 2023/24: **Rs 5.4 Bn (+15%)**
2. Training hours per employee in 2023/24: **12.1 (+36%)**
3. Investment in occupational health and safety in 2023/24: **> Rs. 100Mn**
4. One-on-one meetings with **49% of our factory level employees**

CAPITAL TRADE-OFFS

- Increased investments in Human Capital have short-term negative implications on Financial Capital.
- However, in the long-term, investments in Human Capital will strengthen Financial Capital as it enables the retention of high performing talent, required to meet organizational strategic objectives.
- Investments in Human Capital also strengthens Intellectual Capital as it drives innovation and enhances organizational tacit knowledge.

WAY FORWARD

- Strategic emphasis on acquiring and retaining high-performing talent.
- Ongoing emphasis on employee wellbeing.
- Upskilling employees to facilitate the integration of technology into work practices.
- Ongoing emphasis on training and development in alignment with strategic objectives.
- Ongoing focus on employee engagement.
- Support a performance driven culture with opportunities for career progression.
- Continue to focus on diversity, equity and inclusion within the workforce.

LINK WITH MATERIAL TOPICS:

M3, M8, M12, M16

LINK WITH KEY RISKS AND OPPORTUNITIES / SRROS / CRROS

R6, R12, R14, R15

ALIGNMENT WITH STRATEGIC PRIORITIES



CONTRIBUTION TO SDGS



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OUR ESG ASPIRATIONS AND PROGRESS MADE IN 2023/24.

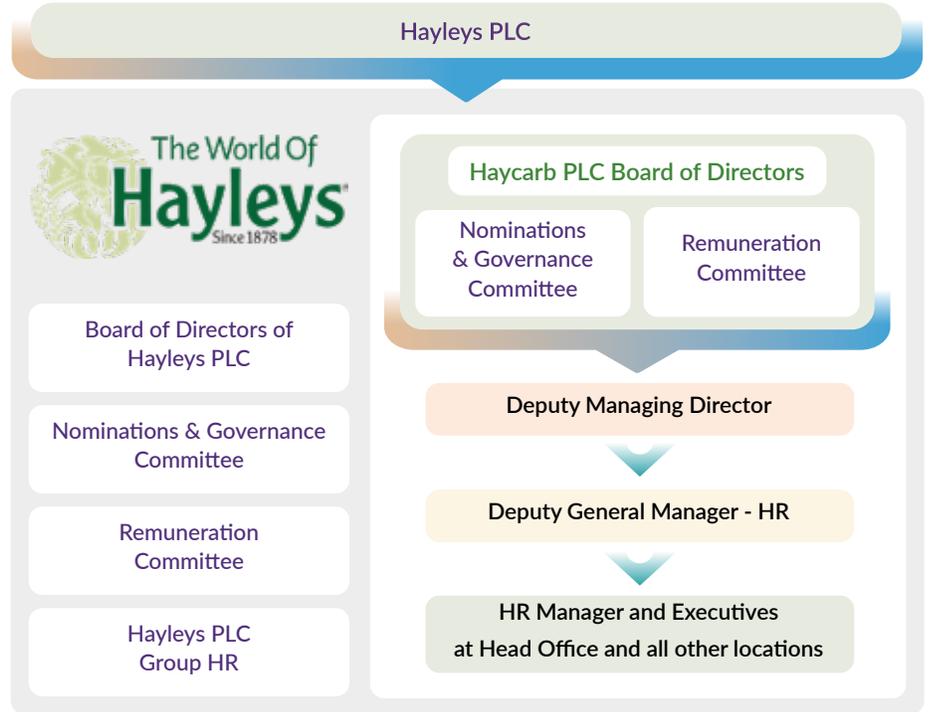


HR GOVERNANCE

Haycarb's approach to people management is aligned to its parent entity Hayleys PLC. Our HR policies, procedures and practices adhere to all regulatory requirements of the countries we operate in and also align with global best practice on human rights and child labour through our membership in the United Nations Global Compact. During the year, Haycarb re-organised its HR function to improve the implementation of its HR strategy in alignment with organisational strategic objectives while enhancing responsiveness to employee needs.

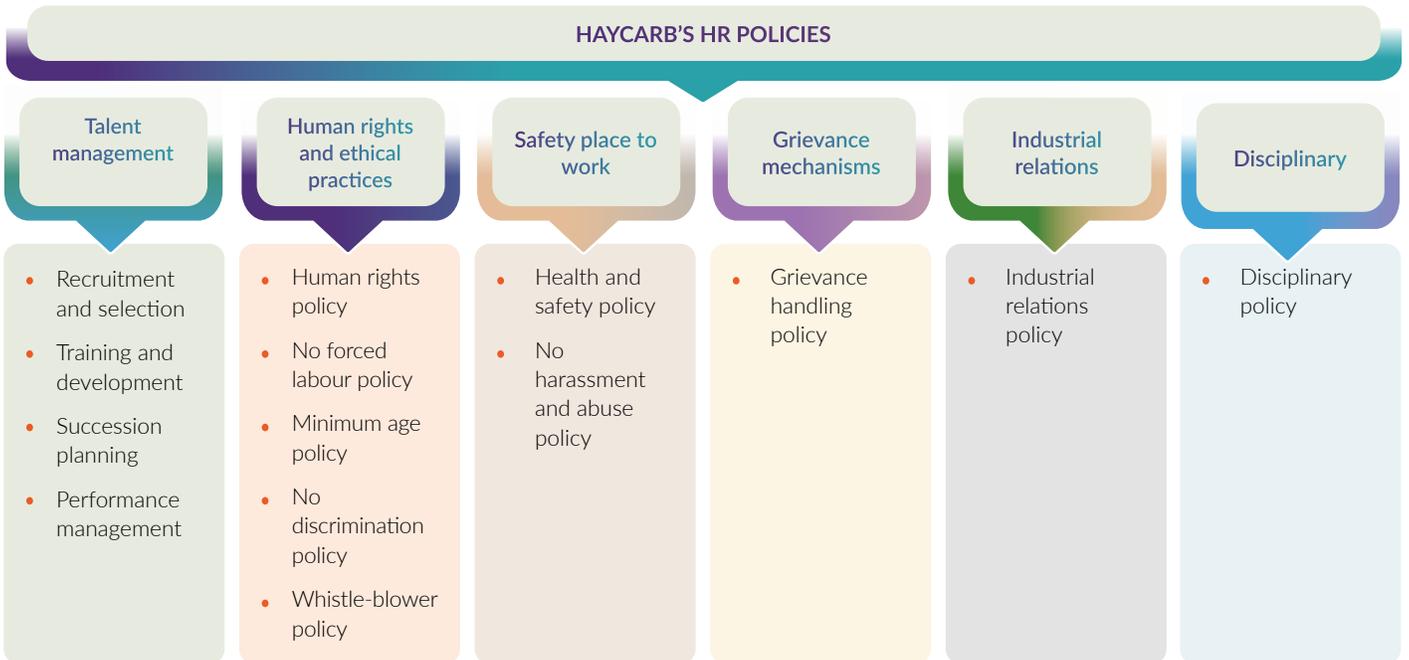
HR related matters at production facilities is managed by the HR departments located on-site with oversight from head office.

Formulation of HR policies is centralised at the Head Office in Sri Lanka and cascaded down by the Head of HR to HR representatives at each manufacturing location. HR policy formulation takes into consideration regulatory requirements, policies established by the Hayleys Group and industry best practice.



The Group's policy framework includes policies for the prevention of child labour and forced or compulsory labour. Haycarb

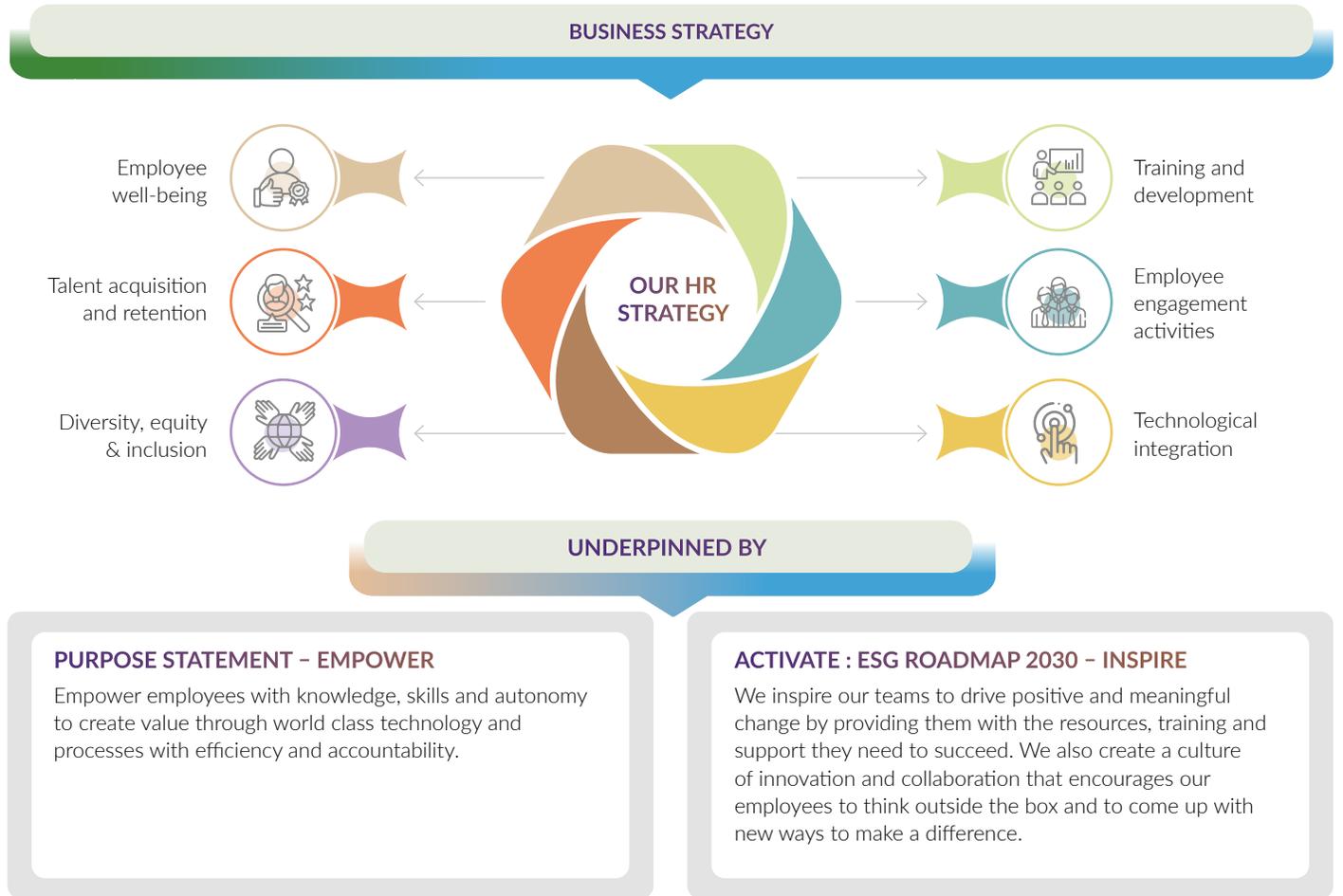
established its own policies for grievance handling and remuneration in 2023/24. Haycarb's HR policies are given below.



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OUR HR STRATEGY

Our HR strategy is guided by our long-term strategic objectives and is underpinned by our purpose statement and aligned with our ESG aspirations as articulated in Activate.

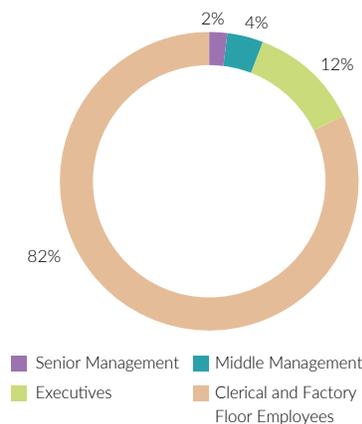


TEAM PROFILE

GRI 2-7, 8, 405-1, 408-1, 411-1

Team Haycarb comprises 1933 employees across 7 countries with approximately 63% based in Sri Lanka. Of its team of 1933 employees 1584 are employed on a permanent basis*. The Group does not employ staff on part-time and non guaranteed basis. Outsourced staff amounted to 467 during the year under review and managed non-core activities at production locations. Further, there is no significant fluctuations in the number of employees during the reporting period or between reporting periods. We do not sanction child labour or forced / compulsory labour within our organisation and no incidents were reported during the year.

Team composition by employee categories

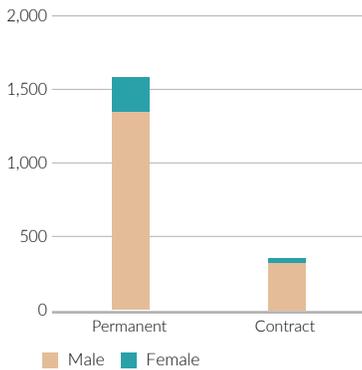


Approximately 94%* of the Group's cadre are employed at its manufacturing facilities located in Sri Lanka, Indonesia, and Thailand. Approximately 100%, 83% and 86% of positions in senior management (Assistant Manager and above) at Sri Lanka, Indonesia and Thailand are held by individuals from the respective countries. Further, the Group do not have indigenous peoples among its workforce or operations.

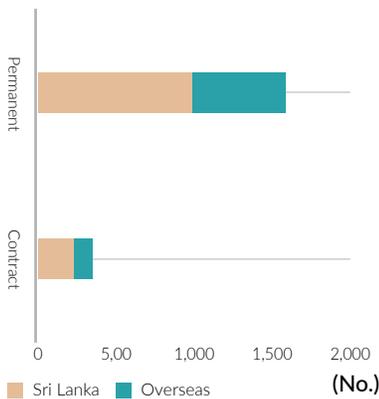
* These figures are given as head count at the end of the reporting period to comply with the GRI requirement

Employees by contract and gender

(No.)



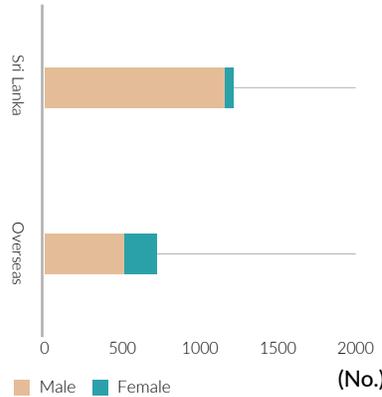
Employees by contract and region



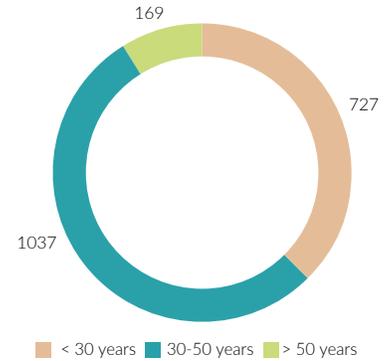
22 Mn

Revenue per employee

Employees By Gender And Region



Employees By Age



RECRUITMENT AND RETENTION

GRI 202-2,401-1

The Group maintained a healthy permanent employee retention rate of 92% during the year under review. Haycarb's ability to retain high performing talent is underpinned by its strong employee value proposition delivered through its HR strategy. The Group's HR department conducts exit interviews with all employees resigning from the organization. Approximately 12% of resignations were female.

Haycarb's recruitment process is governed by its recruitment policy and ensures transparency and impartiality. The Group continued to collaborate with universities and higher educational institutes to attract recruits with right competencies. We also focused on multi-skilling existing staff to broaden their capabilities enabling them to assume roles that were required by the organisation. Haycarb has recruited one senior management employee during the reporting period.

	Recruitment	Turnover
Total	280	227
By gender		
Male	245 (88%)	199 (88%)
Female	35 (12%)	28 (12%)
By region		
Sri Lanka	194 (69%)	166 (73%)
Overseas	86 (31%)	61 (27%)
By age		
<30 years	239 (85%)	64 (28%)
30-50 years	41 (15%)	161 (71%)
>50 years	0 (0%)	2 (1%)

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EMPLOYEE WELL-BEING

RT-CH- 320a.2

Our approach to fostering a culture of employee well-being is multi-dimensional as described alongside.

Occupational health and safety

GRI 403-1, 2, 4, 8

At Haycarb, safeguarding the health and safety of all employees and maintaining a safe and injury free work environment is a strategic priority. We have implemented a comprehensive health and safety management system that covers all employees (100%) including 497(100%) of outsourced staff. Our occupational health and safety management system adheres to all country-specific occupational health and safety regulations. In addition, we have obtained ISO 45001:2018 Occupational Health and Safety certification for our factories in Sri Lanka.

Haycarb's health and safety management system detail the procedures in identifying and minimising occupational health and safety risks and hazards. Health and safety officers present at all manufacturing locations and offices are tasked with carrying out periodic hazard identification and risks assessments. They are supported by health and safety teams comprising factory floor employees from all significant production lines who actively participate in recognising hazards, the reporting

Our approach to employee well-being



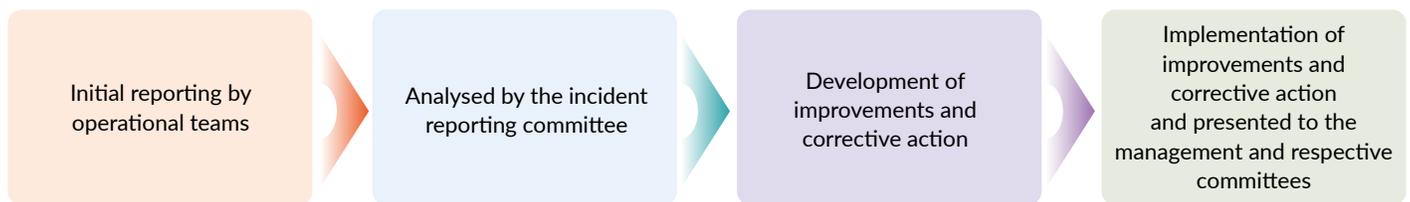
and investigation of incidents and supporting the prioritisation of a safety culture. Group management maintains open communication with factory floor employees enabling the reporting of potential health and safety hazards as soon as they are identified.

Health and safety committees comprising the Deputy Managing director, factory management, workers and the Health and Safety Officer meet on a quarterly basis to monitor, evaluate, and continually improve existing occupational health and safety systems. Health and safety audits

are carried out on a quarterly basis and progress made on the implementation of corrective measures are reported to the Executive Deputy Managing Director monthly.

Worker compliance with all health and safety regulations are ensured by the Health and Safety Officer. The Group also ensures adequate safety visualisation through sign boards and warning boards to encourage a safety culture. In the event a health and safety incident occur, an in-depth investigation is carried out and health and safety procedures are revised if necessary.

INCIDENT INVESTIGATION AT HAYCARB



Health and safety governance at Haycarb

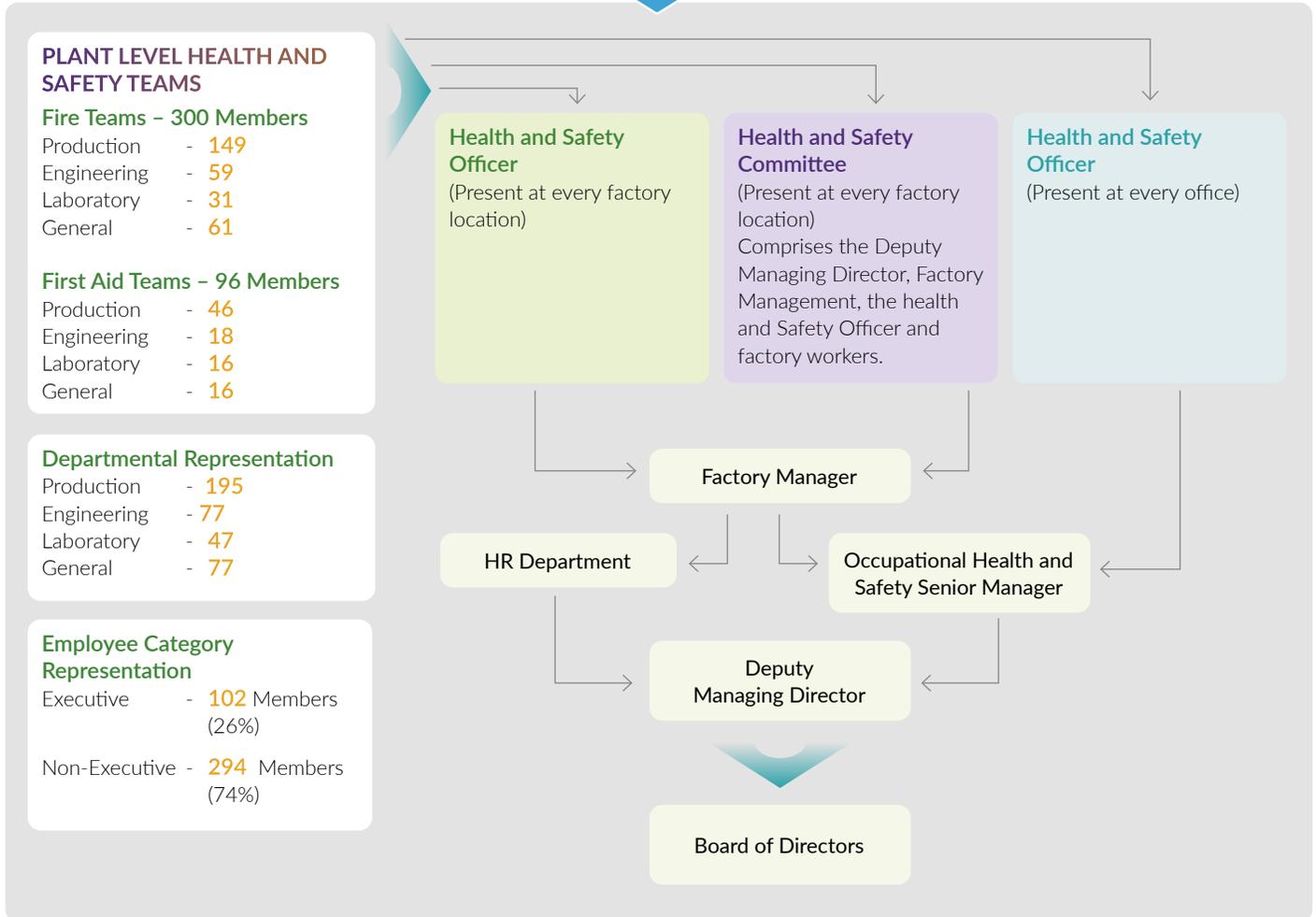
GRI 403-3, 6, 7, 9, 10

Health and safety related concerns identified by the Health and Safety Officer

and the Health and Safety Committee are reported to the Occupational Health and Safety Senior Manager and the HR Department. All significant health and safety related risks are reported to the Deputy

Managing Director who informs the Board of Directors on a quarterly basis on health and safety related matters. The Group's health and safety reporting process is summarised below.

SAFETY AND GOVERNANCE STRUCTURE



The Group has implemented a range of health and safety related procedures across its manufacturing facilities. These include,

- Fire safety systems with fire drills conducted on a periodic basis.
- Safety visualisations with sign boards and warning boards.
- Permit to work system.
- Provision of personal protective equipment depending on: safety shoes, goggles, earmuffs, helmets, aprons and gloves.
- First aid boxes, medical rooms with qualified personnel.
- Toolbox talk with worker participation.
- Mock drills on chemical safety.

Health and safety related training is mandatory for all employees. During the year, the following health and safety related training was provided,


7,404 Hrs
 of health and safety related training

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Health and Safety Training GRI 403-5

- Stress management
- Mental well-being through mindfulness
- Dietary awareness for a healthy life
- Seminar on occupational health & industrial safety in force by the Factories Ordinance programme
- Fire warden training
- Chemical safety and risk management
- Electrical safety for industries
- Efficient operation of wastewater treatment plants and handling of treated water, solid waste, and air emissions
- The boiler operation, maintenance, steam distribution, condensate recovery & cost saving measures in steam generation training program



- Awareness and training on prevention/early diagnosis of non-communicable diseases

Safeguarding our employees against long-term health risks

GRI 403-6 RT-CH-320a.2

We proactively assess how our operation can affect the long-term health and well-being of our employees and have established safety standards for work processes that have been identified as having the potential to impact the long-term well-being of our staff. Adherence to safety standards and its effectiveness are monitored on an ongoing basis and corrective action is taken where necessary. Factory floor employees engaged in processes, that could impact their long-term health are provided with personal protective equipment while all factory employees receive regular training on the proper use of and importance of PPE. Additionally, periodic health checks are conducted to detect any health issues early on. Moreover, to limit exposure of our team to long term health impacts, processes have been automated where possible.

Operational safety, emergency preparedness and response

RT-CH-540a.1, 2

Haycarb has implemented a disaster recovery plan across its operations and provides training in this regard to all employees and outsourced personnel employed within their premises. In accordance with this, the Group conducted a comprehensive fire risk assessment in consultation with external experts during the year under review. Emergency response teams are also present at all locations to respond emergencies. The teams are provided training in multiple aspects of emergency response including fire, medical and chemical management.



Haycarb provides the following health related benefits to its employees.

- First aid centres at all manufacturing plants with qualified personnel.
- Visits from a consultant doctor on a weekly basis.
- Surgical hospitalization insurance cover for executives.

- A medical expenses fund for factory employees.
- Annual health check-up for every employee in manufacturing locations.

Robust health and safety measures have enabled the Group to maintain workplace injury rates within the targets identified in Activate. Our health and safety record for 2023/24 is given below.

RT-CH-320a.1

	Total
Occupational injuries and diseases	32
Total no. of lost days due to occupational injuries/diseases	226
Total recordable incident rate (TRIR)	1.58
Fatality rate for direct employees	Zero
Fatality rate for contract employees	Zero

No work-related ill health was recorded during the year.

Physical and mental well-being

During the year, the Group also initiated programmes to support the overall physical and mental well-being of its employees. This included,

- Enhancements to the work environment at factory locations including improvements to the ventilation system and upgrade of canteen facilities.
- Nutrition related workshops to raise awareness on the importance of a balanced diet.
- Mental health workshops including focus on mindfulness, to assist employees in dealing with challenges arising personally and from the external environment.

	Total
Process safety incidents count (PSIC)	4
Process safety total incident rate (PSTIR)	0.20
Process safety incident severity rate (PSISR)	0.20
Number of transport incidents	Zero

numerous opportunities to learn new ways of thinking and working empowers our staff to gain new skills and competencies while enriching organisational tacit knowledge, innovation and productivity.

Training and development

GRI 404-1, 2, 410-1

Haycarb offers a variety of training and development opportunities to enhance the skills and competencies of its team. Individual skill gaps are identified through the year-end performance appraisal and also takes into consideration technical requirements of our processes. Discussions are also held with department heads to identify the competencies required to achieve organisational strategic goals and individual KPIs. These inputs are then utilised to develop individual training plans for staff which are actioned upon in the following year. A summary of the breadth of training opportunities provided during the year under review is given below.

NURTURING A LEARNING ORGANISATION

Nurturing a culture that promotes continuous learning and development is a strategic priority for the Group in alignment

with its purpose driven approach towards empowering its employees with knowledge, skills, and autonomy to create value through world-class technology and processes with efficiency and accountability. Creating



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A summary of the key training focal areas during the year under review is given below.

Training related to;	No of Hours
Health and safety	7,404
Driving efficiency	10,574
ESG related	3,333
Other	2,041

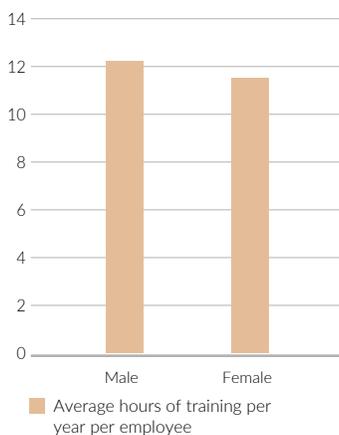
During the year under review, we also strengthened ESG related training across the Group to drive our ESG Roadmap 2030, Activate.

Further, we have organized multiple training programs aimed at improving the expertise and capabilities of our service providers, spanning across security, janitorial, transport, and other sectors. These programs encompass training on human rights, anti-harassment, safe chemical handling, grievance handballing process, and Haycarb policy awareness. The Group currently do not have transition assistance programs in place.

Our training record for 2023/24 is given below.

Staff category	Average training hours per head
Assistant Manager and above	25
Executive	17
Non-executive	10

Average hours of training per year per employee



Performance management

GRI 404-3

Our performance management system is designed to challenge staff to reach their full potential in alignment with organisational needs. Organisational strategic goals are cascaded into measurable goals for each employee and progress is assessed through a formal

performance appraisal process at the year-end. Constructive feedback given and knowledge gaps identified during the performance appraisal then leads to the development of training plans for the following year, motivating employees to continuously learn and improve themselves and ultimately drive organizational performance. During the year, we carried out performance appraisals for 100% of all permanent employees. This includes 85% of male and 15% of female employees under all of the permanent staff categories.

Empowering our team

To deliver on our commitment to empower our team, we actively encourage employees to share insights and propose new ideas to innovate work processes, reduce waste and enhance productivity. Work improvement meetings are held every quarter at each manufacturing location in Sri Lanka led by the Deputy Managing Director with representatives at all levels of the organisation including selected factory workers in attendance. These meetings foster cross-functional collaboration and



76

ESG related programmes in 2023/24



3,333 Hrs

Training hours on ESG related training

brainstorming. Following these meetings, teams are empowered to implement the most promising ideas and subsequently present the outcomes to senior management. Several ideas suggested at these meetings 31 projects were actioned upon resulting in a cost saving of Rs. 148 million

Succession planning

During the year under review, Haycarb continued to focus on developing its middle management for future leadership roles. High potential individuals in middle management were identified based on their leadership capabilities and strategic thinking. Targeted development programmes were then implemented to nurture their growth and equip them with the necessary skills to excel in senior management roles. This proactive approach fosters employee awareness of career progression opportunities within Haycarb while ensuring a consistent pipeline of qualified talent to guide the organization's continued success.

EMPLOYEE ENGAGEMENT

The Group strengthened employee engagement during the year through the introduction of one-on-one discussions between employees and the HR department to identify and respond to employee needs. Meetings with approximately 50% of the team were completed during the year under

review. We plan to complete meetings with the remaining team members in the coming year.

Haycarb also conducted a range of activities during the year under review to enhance camaraderie and strengthen employees' sense of belonging to the organization. Staff were also encouraged to participate in many of the Group's CSR initiatives. Key programmes carried out during the year are listed alongside.

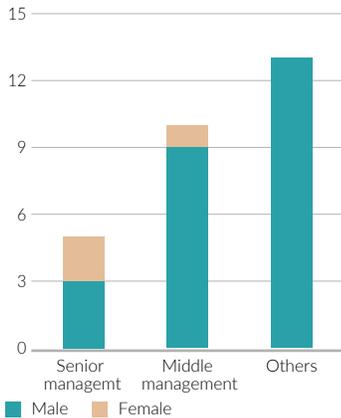
HR Activity Calendar

1. International Women's Day
2. Mother's Day
3. Father's Day
4. New Year celebrations.
5. Water Day
6. Coconut Day
7. Tree Planting Day.
8. Religious ceremonies
9. Family sports/ fun day

Average tenure with the company

Senior Management	17 years
Middle Management	16 years
Executive Level	9 years

Composition of internal promotions (No)



INDUSTRIAL RELATIONS

GRI 2-30, 402-1, 407-1

We recognise employees' right to freedom of association and collective bargaining. Approximately 45% of our employees in Sri Lanka are members of trade unions, while executive and contract employees are covered by collective bargaining agreements. We maintained cordial relations with trade unions supported by open communication facilitated by an open-door policy. Consequently, no disputes occurred during the year under review. A notice on operational changes was provided to employees beginning of each month. During the year two collective agreements were negotiated which will be in effect until 31st December 2025.

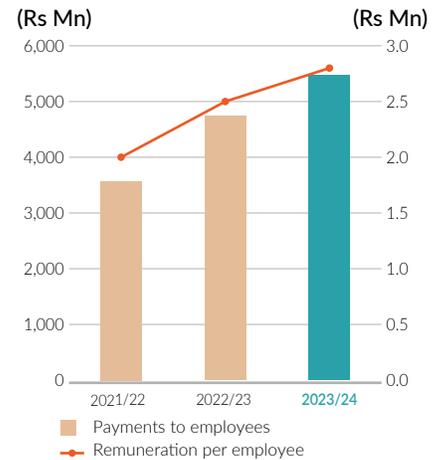
Town hall meetings	Meetings held once in every quarter
Discussion with union reps	Several meetings were held when required and maintain a cordial relationship with trade unions
Employee gathering	Gatherings in both local and overseas locations – annual get-togethers

REMUNERATION AND BENEFITS

GRI 401-2

Remuneration and benefits are determined by the Group's remuneration policy and ensures fair and equitable treatment of all employees. For executives, rewards are linked to performance as determined at the year-end performance appraisal while remuneration for unionised employees is determined by collective agreements negotiated every two years. The Group adheres to all remuneration related statutory requirements including EPF and ETF obligations. Benefits provided to permanent employees are given below.

Payments to employees



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BENEFITS LIST

	Executive	Clerical staff	Factory floor employees	Contract
Healthcare insurance - Hospitalization	✓	✓	✗	✗
Healthcare insurance - outpatient medical expenses and spectacles	✓	✓	✓	✗
Personal accident cover	✓	✓	✗	✗
Disability and invalidity cover	✗	✗	✓	✓
Retirement provision	✓	✓	✓	✓
Loan scheme	✓	✓	✗	✗
Subsidize Meal facility	✓	✓	✓	✓
Travelling & Transport Allowance	✓	✓	✓	✗
Vehicle maintenance	✓	✗	✗	✗
Uniforms	✓	✗	✓	✓
Personal protective equipment	✓	✓	✓	✓
Production, attendance, shift and grading incentives	✗	✗	✓	✓
Department, shift and cost of living allowances	✓	✓	✓	✓
Attendance Bonus	✗	✓	✓	✓
Bonus	✓	✓	✓	✗
OT	✗	✓	✓	✓
Leave encashment	✗	✓	✓	✗
Company doctor service	✓	✓	✓	✓
Subscriptions payments for professional bodies and sponsorship for higher studies	✓	✗	✗	✗
Membership of Hayleys Group Recreation Club	✓	✓	✗	✗
Cash Awards for children of employees who passed grade 5 scholarships, highest achievements at O/L and State. university entrance	✓	✓	✗	✗
School bag & Stationery – For children of the employees	✗	✓	✓	✗
Subsistence – Official Duty	✓	✓	✓	✓
Study Leave – Professional Exams	✓	✗	✗	✗
Workmen's Compensation Insurance	✗	✓	✓	✓
Long Service Award (15 and 25 Years)	✓	✓	✓	✗
Death donation scheme	✓	✓	✓	✗

✓ Only executives and above employee categories stationed in factories are provided

✓ Executives in the section head, assistant manager and above only provided

STANDARD ENTRY LEVEL WAGES BY GENDER COMPARED TO LOCAL MINIMUM WAGE GRI 202-1



1 : 1.6

GENDER PARITY REPORTING

GRI 406-1

Haycarb's commitment to promoting a gender diverse workforce is underpinned by its HR policy architecture which includes policies on anti-sexual harassment, equal opportunity and non-discrimination. The Group has also implemented a dedicated

grievance handling mechanism to address harassment related grievances. This approach has enabled the fair and equitable treatment of all employees. Resultantly, no major incidents of discrimination were reported during the year.

A SUPPORTIVE POLICY FRAMEWORK

Anti-sexual harassment policy

Equal opportunity policy

Non-discrimination policy

FEMALE REPRESENTATION

14%

Total female representation

27%

Female representation at Board level

12%

Female representation in recruitment during 2023/24

FEMALE REPRESENTATION IN KEY DEPARTMENTS

Finance, IT, HR and administration

49%

Marketing and business development

31%

Engineering and project management

4%

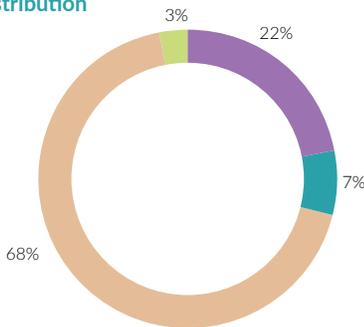
R&D / technical

18%

Operations and ESG

12%

Female representation by geographical distribution



■ Sri Lanka
■ Indonesia
■ Thailand
■ Others

GRI 401-3

Parental leave and retention	Number	% of Female Workforce
Maternity leave availed	9	3%
Paternity leave availed*	0	0%
Returned to work after maternity leave	8	3%
Resignations after maternity leave	0	0%
Retained within the organization after 12 months taking maternity leave	2	1%

* Paternity leave policy will be effective 2024/25 onwards.

100%

Return to work rate

100%

Retention rate



RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN **

GRI 405-2



1:1

** For each employee category & for all operating locations