

BUILD FOR LIFE

SUSTAINABILITY REPORT 2019





Disclaimer of Liability

This report contains not only past and present facts about INSEE and its activities, but also forward-looking statements that reflect the opinions of the management and assumptions made based on the information at the time of publishing the report. These forward-looking statements are, by their nature, subject to significant risks and uncertainties which may cause future outcomes or results to differ from that indicated herein. Hence it should be noted that INSEE does not undertake to update or revise such forward-looking statements, whether as a result of new information, future events or otherwise.

The “Ran Kumbala” is a small insect endemic to Sri Lanka. These dextrous creatures use mud or clay found in their surroundings to assemble their nests on the exterior surfaces of structures. It is therefore only fitting that they are also called the “Sri Lanka Mud Dauber wasp”. Often seen on the exterior dwellings of our ancient forefathers, “Ran Kumbula” nests symbolize the peaceful coexistence between human and nature. “Ran Kumbula” nests have thus become a big part of Sri Lankan folklore and even today there are countless folk tales and poems that pay tribute to their ability to remain intact long after they have been abandoned by their inhabitants.

We at INSEE share the same mind set, for we too are deeply committed to working in harmony with the environment. We want the spirit of nature to resonate in everything we do as we honour our pledge to ‘Build for Life’.

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ABOUT THE REPORT

Scope and Boundary

This Sustainability Report is published by INSEE Cement Sri Lanka (INSEE) for the purpose of informing its stakeholders regarding the ongoing improvements being made to ensure the Company records a consistent year-on-year improvement in its sustainability performance.

This is the 2nd Sustainability Report released by the Company, following the acquisition of the Company by Siam City Cement Public Company (SCCC) of Thailand in late 2016. Since publishing our first report for the FY 2018, we have now undertaken to report on our performance on an annual basis and there are no changes in reporting from the previous Sustainability Report 2018. There are no restatements of information and no reported changes to the organisation in 2019 that made an impact on the sustainability data previously reported.

The current report is for the FY 2019 from 01st January 2019 to 31st December 2019 and covers activities of all three of INSEE's cement plants, the quarry and all business units and departments. The report also covers the activities of INSEE Ecocycle Lanka (Private) Limited, a 100% fully owned subsidiary and Mahaweli Marine Cement (Private) Limited, where INSEE owns 90% stake and exercises full operational control of the Company. It should however be noted that there are some limitations in reporting on the activities of subsidiaries, due to the non-availability of the required information or data.

Reporting Entity

Siam City Cement (Lanka) Limited ("Company") is a public limited liability company incorporated and located in Sri Lanka. The registered office and the headquarters of business of the company is located at No. 413, R. A. De Mel Mawatha, Colombo 3.

Immediate and Ultimate Parent Entity

The company's ultimate parent undertaking and controlling entity is Siam City Cement Public Company Limited, incorporated in Thailand.

Reporting Framework

This Sustainability Report has been prepared in accordance with GRI Standards: Core option presented by the internationally recognised Global Reporting Initiative (GRI). Accordingly, the GRI principles and consolidated set of Sustainability Reporting Standards published in 2018 have been used for the determination of key sustainability themes such as materiality, stakeholder inclusivity and sustainability context in this report. In addition, the report also makes reference to GRI 303: Water and Effluents 2018 and GRI 403: Occupational Health and Safety 2018 Standards, both of which are due to come into effect on or after 1 January 2021. Adoption of these indicators ahead of time reflects INSEE's efforts to proactively improve monitoring and reporting of its Sustainability Performance.

The financial performance reported herein for the year ended 31st December 2019, include the consolidated financial performance of INSEE Cement Sri Lanka, referred to as the "Company".

Assurance

Information and data captured in this report with respect to material aspects has been derived from various system internal reports and further validated by the respective functional heads and managers prior to being incorporated into the narrative. The report content is finally approved by the Sustainability Working Committee appointed to review and prepare the report.

In addition, M/S Ernst & Young, Chartered Accountants were appointed to perform an independent verification to assure the accuracy of GRI based disclosures and to determine the completeness vis-a-vis the GRI Standards. Please refer page 105 for details of the Independent Assurance Report.

The Role and Responsibility of Reporting

The Sustainability Working Committee acknowledges its ultimate responsibility for the collection, preparation and presentation of the information as well as for ensuring completeness and correctness of all data and information presented in this Sustainability Report.

The Draft sustainability report has been reviewed by the Executive Committee (EXCO) followed by rigorous review by the Chief Executive Officer before being presented to by the Chairman of the Board of Directors, for approval.

The EXCO wishes to confirm that the contents of the report has been collectively reviewed in conjunction with the assurance reports obtained from the external assurance providers and has been approved for publication.

Feedback or Queries

INSEE strives to continuously improve its reporting and welcomes any feedback that can help to achieve this objective. All feedback or queries regarding this report can be directed to: inseeement.communications@siamcitycement.com

FY 2019 Sustainability Report INSEE Cement Sri Lanka

INTRODUCTION

1. Message from Our Chairman	02
2. Message from Our CEO	04
3. Business Overview	07
4. Our Executive Committee	08

OUR APPROACH TO 'BUILD FOR LIFE'

5. Sustainability Strategy	17
	18

TRANSFORM CONSTRUCTION INDUSTRY FOR LIFE

6. Industry Leadership	28
7. Contributing to the Sri Lanka's Economy	29
8. Safety is Our Number One Priority	33
	37

BUILDING LIVES

9. INSEE People - Employees	42
10. Commitment to Our Distributors	43
11. Commitment to Our Customers	56
12. Strengthening Partnerships - Supply Chain Management	57
13. Commitment to the Community	62
	67

MINIMISE ENVIRONMENTAL FOOTPRINT

14. Commitment to the Environment	74
	75

APPENDIX

15. GRI Content Index	93
16. Independence Assurance Statement	93
17. Abbreviations	105
	107

MESSAGE FROM OUR CHAIRMAN

In a world where many organisations are only just beginning to understand the importance of sustainability, INSEE has been making some strong waves in this sphere for quite a while now. For over a decade we have been taking clear action to balance the needs of our business with that of the environment and society through a highly disciplined approach underpinned by strict compliance, coupled with benchmarking global best practices, driven by innovation and supported by dynamic people who share the same conviction to do the right thing. I am proud to say that INSEE today is one of the few organisations in Sri Lanka to have proven its ability to manage current challenges while finding solutions for a sustainable future.

We were the pioneers of introducing Slag based Superior Blended Cement variants to Sri Lanka, after years of research combining our local expertise and global technological advancements. Despite the fact that Slag based cements remain one of the most eco-friendly, 'green' cement products available in the market today, we continue to look for ways to further improve the profile of our blended cement range. In this regard,

INSEE has been heavily involved in lobbying with controls to transform the local standards to allow an increase in sustainable alternative raw material components in Superior Blended Cement leading to clinker factor reduction that would automatically lower the carbon footprint.

Another clear example of our commitment to sustainability is the INSEE Ecocycle business which was responsible for pioneering waste co-processing technology to Sri Lanka as far back as 2003, at a time when such technology was unknown to the Country. Since then we have been using co-processing technology to produce clean energy to meet a sizable portion of the energy requirements of our Puttalam Cement Plant kiln. And as Puttalam Cement Plant reaches an important landmark that marks its 50th year in operation, I am indeed pleased to see how far we have come in transforming it into the most sustainable cement plant in the Country.

INSEE's reputation as a key sustainability advocate is further proven by the recognition we have continued to receive over the years. I am particularly pleased with the accolades

INSEE received at the prestigious Presidential Environmental Awards 2019, where INSEE's Puttalam Plant was awarded the highly coveted Gold Award under the category of Chemical Industries Plants and INSEE Ecocycle was awarded the Gold Award under the category of Solid Waste Recovery / Recycling / Disposal or Processing Plants in recognition of contributions to environmental conservation.

While these achievements signify key milestones in our sustainability journey, I must reiterate however that there is much more work that needs to be done if INSEE is to claim to be a fully sustainable organisation at every level.

Moving forward INSEE will continue with its sustainable approach to business. The path ahead will consist of major challenges which will require us to think deeply and evolve even more quickly if we are to ensure that INSEE lives up to its reputation as the Country's leading sustainability advocate. We look forward to sharing our progress with you in future reports.

We were the pioneers of introducing Slag based blended cement variants to Sri Lanka, as a result of years of research combining our local expertise and global technological advancements.



Nandana Ekanayake
Chairman INSEE CEMENT



MESSAGE FROM CHIEF EXECUTIVE OFFICER

As one of the leading sustainability advocates in the Country, we have come to appreciate that INSEE's competitive position and future prospects are directly correlated with our ability to continuously improve our sustainability performance over time. It is why we have been actively expanding our peripheral vision beyond the traditional boundaries of sustainability in an effort to become Sri Lanka's first fully sustainable cement manufacturer.

Realizing that it is impossible to separate strategic business priorities and sustainability, we continue to work towards embedding sustainability more holistically into our business model and across the value chain to enable us to create tangible value for our stakeholders, the environment and the wider society.

Our approach reflects our clear vision to "Build for Life" by committing to the development of sustainable products, prioritising the safety and wellbeing of people and contributing to the creation of strong communities, all while working to sustain the environment.

Sustainable Products

It has been one of our longstanding objectives to provide leadership to the local cement industry by developing new innovative solutions that are better for the community and altogether less harmful to the environment. No doubt you are aware that INSEE has made important strides in this regard. Standing testimony to our efforts is INSEE's Superior Blended Cement range which is manufactured using

alternative raw materials in the likes of industrial by-products, designed to promote sustainable development and eco-friendly construction best practices in line with global standards. Today, Superior Blended Cements account for almost 85% of our overall portfolio, making INSEE's product range one of the most sustainable in the local cement industry.

We are well aware of how critical it is to innovate in order to continuously enhance the sustainability performance of our products. Innovation has been at the forefront of our sustainability programme for many years and has been responsible for numerous products rolled out in the recent past. The newest addition to our portfolio - INSEE Mahaweli Marine Plus launched in 2019 is also the outcome of nearly 2 years of research by INSEE's i2i (Innovation to Industry) Collaboration space to develop the most suitable high-performance cement for the local Concrete Product Manufacturing (CPM) industry.

INSEE made a quantum leap in its innovation framework in 2019 with the relaunch of the i2i (Innovation to Industry) Collaboration space in the latter part of the year. The i2i hub is unique, in that it signals our intention to accelerate our innovation agenda by facilitating meaningful collaboration between key industry stakeholders.

Also in 2019 we revisited our internal quality frameworks and introduced several quality dashboards to further broad base our quality benchmarks over and above the guidelines of the ISO 9001 Quality Management Standards.

Safety and wellbeing of People

Safety has long been INSEE's number 1 priority. INSEE's declaration; to guarantee 'Zero Harm' to employees, contractors and any other stakeholders across our value chain, including suppliers, customers and the wider society remains the unifying principle that reinforces our commitment to safety at all levels of the organisation.

Throughout 2019 we continued to stringently reinforce safety measures to assure the physical safety of people at all our plants. We also took some specific actions to address mental and psychological wellbeing of our workforce, an area that had been largely downplayed in the past.

We are pleased to see these efforts paying off, as evidenced by the steady year-on-year decline in INSEE's on-site injury rates. It is very encouraging to see our Total Injury Frequency Rate (TIFR) drop to 1.20 in 2019, an all-time low since 2012.

Strong Communities

Building strong communities has been one of INSEE's overarching goals. Our approach in this regard is three-fold - build an empowered workforce to become the architects of INSEE's future; create solid partnerships with suppliers, dealers and distributors to safeguard INSEE's value chain; and support the creation of sustainable communities who can make a valid contribution to society.

INSEE made a quantum leap in its innovation framework in 2019 with the relaunch of the new i2i (Innovation to Industry) collaboration space in the latter part of the year.



Gustavo Navarro
Chief Executive Officer



Pursuant to our desire to build an empowered workforce, we relaunched our Employee Value Proposition (EVP) in 2019 to harmonize with the HR vision of the broader INSEE Group to produce agile and passionate people who are willing and able to create a winning organisation. Moving swiftly to the first phase of the EVP roll out we realigned our Performance Management System to mirror that of the broader INSEE Group and took steps to implement structured training activities to help employees make a smooth transition to the new EVP.

Throughout 2019, we were also quite active in our efforts to strengthen relations with our suppliers, dealers and distributors as part of our planned schedule of interactions to deepen existing relationships and explore collaborative partnerships for mutual benefit.

Our community support initiatives for the most part were Social Responsibility projects and initiatives that reflect INSEE's four community pillars - Livelihood Development, Education, Clean Water and Sanitation, and Environment conservation. Localized initiatives under these themes were driven by the respective Community Advisory Panels at our plants and included several new projects such as the "Ral Maduwa" dam reconstruction project and the Clean Drinking Water project in addition to the ongoing projects such as the Student Education Support initiative, Weekly Medical clinic at Puttalam and Aruwakkalu and the Annual Community Medical Camps.

Sustaining the Environment

Given the nature of INSEE's business and its reliance on natural resources, we have come to realise that climate change is likely to have a significant impact on our operations, in turn affecting our ability to execute our strategy and ultimately sustain profitability of our business.

This realization has led us to take urgent action to manage our environmental footprint. We have been

leveraging the expertise of INSEE Ecocycle co-processing facility, for over a decade now, to increase the quantum of alternative energy in our production processes, specifically to meet the energy required to fire the Puttalam Cement Plant kiln. As a result, we have succeeded in meeting more than 1/3 of the annual energy requirements of the Puttalam Cement Plant kiln by using alternative fuels, generated through 'Co-processing' technology.

Meanwhile, INSEE continues to voluntarily undertake environmental initiatives in support of the Country's biodiversity conservation efforts. One such effort is directly linked to our business activities. This is the Rehabilitation and Restoration programme conducted in partnership with the International Union for Conservation of Nature (IUCN) to focus on minimising the ecological damage due to quarry mining activities at INSEE's Aruwakkalu Quarry.

From time to time we also undertake independent biodiversity conservation initiatives to preserve targeted ecosystems in and around our plants. In 2019 we embarked on two major independent projects - the Mangrove Restoration initiative at the Koggala Lagoon and the Kanneliya Rain Forest restoration initiative.

Focus for the Future

As we continue to build on the work done in 2019, the next five years will be a decisive period in our sustainability journey which will require us to further refine our strategies in response to sustainability challenges and opportunities that may arise in the future. This also means we need to prepare for fundamental change and transformation of every aspect of the business in order to enable INSEE to migrate to an entirely sustainable business blueprint in the years ahead.



YEARS OF BUILDING THE NATION

BUSINESS OVERVIEW

Vision

To be the most trusted cement manufacturer in Sri Lanka who represents the promise of a sustainable future for all stakeholders.

Mission

Lead by example to drive the local cement industry forward to become sustainable on all fronts.

Working as a team

One group, one vision, one team united in heart with our business partners for the good of all.

Challenging conventions

We are imaginative and always open to new ideas.

Doing what is right

Staying true to ourselves and each other, maintaining the highest standards of discipline and integrity in everything we say and do.

Caring about our future

We are committed to creating a positive future for generations to come. Caring for our people, our environment, our community, our nation.

Siam City Cement Public Company Limited

Siam City Cement Public Company Limited (SCCC) is one of Thailand's leading cement producers. The Company has three cement plants with a total of six kilns, with the clinker capacity of 13 million tons, located in Kang Koi District, Saraburi Province. Currently, five kilns are in operation, with the combined production capacity of 12 million tons.

In terms of cement production, the Company runs 12 cement mills with the maximum capacity of 17 million tonnes. However, cement capacity relies on clinker capacity, thus limiting SCCC's cement production to 14 million tonnes.

SCCC has been aggressively growing its regional presence, through 'acquired units', 'exports' and 'joint ventures'.





**Chairman of the Board and Executive
Committee of Siam City Cement (Lanka) Limited
or INSEE Cement Sri Lanka**



Nandana Ekanayake,
Chairman of the Board



Gustavo Navarro,
Chief Executive Officer



Thusith Gunawarnasuriya,
Procurement and Logistics Director

Bruno Pitzini,
Chief Financial Officer

Sanjeewa Chulakumara,
Ecocycle Director

Jan Kunigk,
Executive Vice President of Sales, Marketing and Innovation

Chandana Wijayanama,
Organisation and Human Resources Director

Serefin Bugeja,
Manufacturing Director



Countries with acquired units and export

- Thailand
- Vietnam
- Bangladesh
- Sri Lanka

Joint Ventures

- Cambodia

Export Countries

- Singapore
- Malaysia
- Laos
- Myanmar
- India
- Indonesia
- Philippines
- South Africa
- South Korea

Ruhunu Cement Plant was established in Sri Lanka.

The Foundation stone for the Puttalam Cement Plant was laid in Palavi, Puttalam.

Puttalam Cement Plant started production in Sri Lanka.

Colombo Cement Terminal was established.

Galle Cement Plant was established in Sri Lanka.



About the Company

Siam City Cement (Lanka) Limited

Siam City Cement (Lanka) Limited is a member of the Siam City Cement Public Company Ltd (SCCC) Group based in Thailand, which is the largest cement manufacturing company in the ASEAN Region.

Siam City Cement (Lanka) Limited also popularly known as INSEE Cement Sri Lanka is the only fully integrated cement manufacturer in Sri Lanka, with an annual manufacturing capacity of 3.1 million tonnes across three plants in Puttalam and Galle and 0.8 million tons of cement import capacity in Colombo.

Our legacy spanning 50+ years is founded on the commitment to provide world-class products and services to support the advancement of the Sri Lankan construction industry. This legacy is brought to life through INSEE's flagship brands - 'Sanstha' and 'Mahaweli Marine Plus' which continue to maintain the highest market share and largest customer-base in the cement industry in Sri Lanka.

These achievements give us reason to be proud. Proud that our products are making a difference in the lives of countless people all across Sri Lanka; Proud of the fact that our products are a vital resource in the construction of our nation's infrastructure and proud that INSEE is making a demonstrable contribution to the growth and prosperity of our nation.

All INSEE Facilities are certified for local and international standards

Quality Management System - ISO 9001:2015
Environmental Management System - ISO 14001:2015
Occupational Health & Safety Management System (OHSMS) 45001:2018

Ruhunu Cement Plant

Galle Cement Plant

Testing & Calibration - ISO 17025

First LOESHE Vertical Cement Grinding Plant in Sri Lanka

Puttalam Cement Plant

Energy Management System - ISO 50001:2018
Testing & Calibration - ISO 17025

Siam City Cement Public Company Limited invested in Sri Lanka – The beginning of Siam City Cement (Lanka) Limited or INSEE Cement Sri Lanka.

Commissioning of Sri Lanka's first cement bag palletizer at Ruhunu Cement Plant in Galle.

Our Footprint in Sri Lanka

- Colombo Head Office.
- Puttalam Cement Plant – Sri Lanka's only fully integrated cement plant with an annual cement production capacity of 1.3 million tonnes. The kiln at the Puttalam plant has the capacity to produce over 0.9 million tonnes of clinker annually. Combined with the Puttalam Integrated cement plant is our Aruwakkalu Limestone Quarry.
- Ruhunu Cement Plant – Grinding plant with an annual production capacity of 1.4 million tonnes of cement.
- Galle Cement Plant – Grinding plant with an annual production capacity of 0.4 million tonnes of cement.
- INSEE Colombo Terminal – Import terminal in Colombo Port with 0.8 million tonnes import capacity.
- Warehouses in Colombo, Trincomalee and Kurunegala.
- INSEE Ready Mix Plant (RMX) – Northern Colombo Batching Plant RMX in Peliyagoda.
- INSEE Innovation to Industry (i2i) Collaboration space in Peliyagoda.
- INSEE Ecocycle Pre-Processing Facility in Katunayake.
- INSEE Ecocycle Resource Recovery Center in Sapugaskanda
- Express Logistics Center in Kelaniya, Kadawatha, Piliyandala and Nuwara Eliya.

Launch of Conwood by INSEE in Sri Lanka. Conwood is popular in Thailand and Indonesia as a concrete-based substitute for wood.

INSEE Ecocycle Lanka (Private) Limited established as a separate legal entity. Diversified the INSEE Ecocycle business to become Sri Lanka's largest sustainable waste management specialist providing a variety of environmental-friendly solutions and services to support local industries in tier efforts to contribute towards the circular economy in Sri Lanka.

Launch of INSEE Ready-Mix Plant in Peliyagoda.

Converted Galle Cement Terminal into Galle Cement Grinding Plant.

Opening of the First Express Logistics Center in Kelaniya.

The launch of INSEE Innovation to Industry (i2i) Collaboration Space in Peliyagoda.

Launch of INSEE Ecocycle Resource Recovery Center in Sapugaskanda.

Launch of Mahaweli Marine Plus, a blended hydraulic cement especially designed for the Concrete Product Manufacturing (CPM) industry.

Opening and launch of Express Logistics Centers in Kadawatha, Piliyandala and Nuwara Eliya.

2016 ————— 2017 ————— 2018 ————— 2019

OUR PRODUCT AND SERVICES SOLUTIONS PORTFOLIO

Cement Product Portfolio

INSEE SANSTHA

Highly workable and durable concrete

The most recognized and highly demanded cement brand in the country, INSEE SANSTHA is Sri Lanka's first blended cement (blended with Portland Limestone), and the only Portland Limestone Cement in the local market produced with fresh, high-grade quality limestone extracted from our own local quarries. INSEE SANSTHA is the first local cement brand to be certified under British Standards, while also being the first to be recognized as a low carbon emission product by the Green Building Council of Sri Lanka.

Statistics show that one in every three homes in Sri Lanka is built using INSEE Sanstha.

INSEE EXTRA

Certified Sulphate Resisting & Low Heat Cement

INSEE EXTRA (Portland fly ash blended cement) is Sri Lanka's first cement to be certified as 'Sulphate Resisting' under the Sri Lankan (SLS 1247) standard. INSEE EXTRA is also Sri Lanka's first and only cement to be certified for both 'Low Heat' and 'Sulphate Resisting' under the British (BS EN197-1) standard, featuring the following advantages in concrete:

- Improves resistance over time owing to the pozzolanic reaction between the free lime of the hydration of the clinker and the active siliceous in the fly ash with the formation of more Calcium Silicate hydrate
- The pozzolanic reaction increases the density of the concrete and reduces the permeability to water and aggressive components such as Sulphate in groundwater or soil and sea chloride thus allowing the design of a highly durable concrete structure.
- Combines with alkalis in cement, preventing the destructive expansion of the reaction of alkaline aggregates, especially in concrete exposed to the external environment.
- Reduces the heat of hydration during concreting in hot weather and in particular for mass concrete thus avoiding thermal cracking.
- Improves the properties of fresh concrete such as pumpability, compaction and finish, thus facilitating placement with reduced effort.

Features and Benefits:

- Highly workable and durable concrete
- Superior strength
- Exceptional finish
- Watertight concrete



Features & Benefits

- Mass Pouring
- Waterproof Concrete
- High Pumpability
- Sulphate and Chloride Resistance
- Alkali Aggregate Reaction (AAR) Resistance

INSEE RAPIDFLOW PLUS

High Performance Concrete

INSEE RAPIDFLOW PLUS is a high performance Blended Hydraulic Cement made using Ground Granulated Blast Furnace Slag (GGBFS) or fly ash variants, to produce overall high performing and high strength concrete for industrial and large-scale infrastructure projects.

INSEE RAPIDFLOW PLUS develops high strength in concrete that allows reduction in structural element sizes, together with the following advantages:

- Improves resistance over time thanks to the pozzolanic reaction between the free lime of the hydration of the clinker and the active siliceous in the fly ash with the formation of more Calcium Silicate hydrate.
- The pozzolanic reaction increases the density of the concrete and reduces the permeability to water and aggressive components such as sulphate in groundwater or soil and sea chloride thus allowing the design of a highly durable concrete structure.
- Combines with alkalis in cement, preventing the destructive expansion of the reaction of alkaline aggregates, especially in concrete exposed to the external environment.
- Improves the properties of fresh concrete such as pumpability, compaction and finish, thus facilitating placement with reduced effort.

INSEE MAHAWELI MARINE PLUS

High Strength Concrete

INSEE MAHAWELI MARINE PLUS is a high strength Blended Hydraulic Cement that combines both Ground Granulated Blast Furnace Slag (GGBFS) and fly ash variants available for the first time in the local retail market.

The performance enhancements exhibited by slag and fly ash cements in their respective concrete mixes have over time become equally important to small and medium residential construction projects and other stakeholders as Concrete Products Manufactured (CPM) in the retail market. It is not only the versatility, strength and durability of the concrete mix that has made INSEE MAHAWELI MARINE PLUS highly attractive to the local market, but also the fact that it contributes to sustainable construction practices.



Features and Benefits

- High Performance Concrete
- High Strength Concrete
- Cost Efficient Concrete Mix Designs



Features and Benefits

- High strength concrete
- Highly durable concrete
- Better finish/ less efflorescence
- Cost efficient

INSEE RAPIDFLOW

For high early strength concrete

INSEE RAPIDFLOW is an Ordinary Portland Cement (OPC) especially designed to produce a high level of early compressive strength, making it ideal for large-scale infrastructure projects such as bridges, roads, and high-rise buildings.

Given its strength profile, INSEE RAPIDFLOW addresses the demand for accelerated speed of construction, while reducing construction costs as well as project lifecycle time. This makes INSEE RAPIDFLOW ideal for precast concrete elements for high-rise structures.

Features and Benefits

- Reduce construction cycle



INSEE Ready-Mix (RMX) Concrete

Setting New Benchmarks for Concrete Consistency and Structural Performance

INSEE Concrete commenced operations in 2018 as the forward integrated Ready-Mix arm of the Company. Offering a comprehensive range of standard, premium and high-performance Ready-Mixed (RMX) concrete to large infrastructure projects, high-rises and other iconic projects in Colombo, INSEE Concrete is well positioned to support the rapid pace of development across the local construction industry while successfully facing the industry challenges.

INSEE RMX Advantages:

- **Guaranteed Consistency** – Produced in a controlled environment utilizing advanced technology. High quality service levels.
- **Traceability** – Cement sourced locally from Sri Lanka's only integrated cement manufacturing plant. Other raw materials are sourced from well standardized sources.
- **Economic Feasibility** – Savings on manpower, human error and energy costs. Shortens project lifecycles and eliminates overheads.
- **Enhanced Performance** – Concrete mix-design optimization. Continuous development of innovative solutions.
- **Customizability** – Application-based solutions for varying requirements. Wide product portfolio. Value added services with technical support services.

INSEE Ecocycle Solutions and Services

INSEE Ecocycle is Sri Lanka's leading professional waste management service providers for hazardous and non-hazardous waste. Combining the knowledge and expertise, with globally accepted technologies and management commitment INSEE Ecocycle strives to be the most preferred waste management service provider in Sri Lanka. The professional, end-to-solutions of INSEE Ecocycle relieve industries in Sri Lanka from the burden of waste, providing them 'peace of mind', with a wide range of services.

CO-PROCESSING

Through a world recognized and proven technology named "Co-processing" INSEE Ecocycle disposes hazardous and non-hazardous wastes without leaving any environmental liability. Co-processing is unique in that it ensures proper management of industrial waste through thermal treatment - It is the combination of the two process of clinker manufacturing and industrial waste treatment both carried out in the same environment as a single combined operation without any adverse effects on each other.

TOTAL SERVICE SOLUTION

Ecocycle provides an integrated on-site waste management solution for the full spectrum of waste streams in your organisation from waste generation to final resource recovery through recycling, upcycling, reusing and co-processing to

INSEE MAHAWELI MARINE

General-purpose concrete

INSEE MAHAWELI MARINE Cement is an Ordinary Portland Cement (OPC) produced with high quality clinker and specially developed additives, best used in general purpose concrete applications.

A pioneering product first launched to the local construction industry in 1980 and used in the construction of Victoria Dam and the Mahaweli Development Programme, INSEE MAHAWELI MARINE even today, is the preferred choice in the local OPC market with guaranteed consistent quality and versatility for day-to-day concreting applications.

Features and Benefits

- Ideal for a wide range of standard uses as a general-purpose concrete.
- It can be used for small-scale concrete jobs, mortar applications, foundations and small-scale structural applications in homes and/or construction sites. Also suitable for small slabs, driveways, footpaths and general repair work.
- Compatible with most admixtures and supplementary cementitious material.



allow industries to effectively close the loop in their manufacturing processes and thereby achieving their corporate sustainability objectives by contributing to a circular economy.

RESOURCE RECOVERY

Revolutionizing waste management, newly inaugurated INSEE Ecocycle's newly inaugurated Resource Recovery Center will ensure end-to-end solutions facilitating the systematic collection of FMCG and post-consumer waste through comprehensive steps including reverse logistics to collection of waste from general trade and modern trade, segregation, purification, reuse and recycle/upcycle.

EMERGENCY RESPONSE

Disasters can come in many forms – fire, flood, motor accidents, chemical spillage, and can befall an industry at any time. What is done beforehand to avoid such disasters and what is done after to manage the situation is crucial for the smooth continuation of business. INSEE Ecocycle supports in both these possible situations.

E-WASTE MANAGEMENT

INSEE Ecocycle accepts E-waste from its clients handling and disposing of them with extreme care in an environmentally friendly manner. All electronic waste accepted by Ecocycle is first dismantled at the Katunayake Pre-Processing Facility. The dismantled parts are then separated by material type, into plastic, metal, printed circuit boards etc.

While the printed circuit boards are sent for final disposal through the material recovery process, the remaining material is disposed of through co-processing and local recycling partnerships to ensure e-waste disposed of in an eco-friendly manner.

ANALYTICAL LABORATORY SERVICES

INSEE Ecocycle has established a dedicated analytical laboratory which provides accurate analytical test reports on waste and waste derived materials. Certain analytical testing are accredited with ISO 17025 while the laboratory is also registered with CEA.

INDUSTRIAL CLEANING

Routine, outage and emergency industrial cleaning requirements are standard operational requirements for any manufacturing industry. Ecocycle is capable of responding to these requirements such as tank cleaning and environment remediation with technologically advanced mobile equipment and expert staff to clean process systems and avoid costly facility downtime while raising safety standards and protecting the environment.

TRAINING & CONSULTANCY

Ecocycle now offers comprehensive training and consultation solutions in the field of waste management, occupational safety and environment management systems. Backed by experience gathered from 17 years of leadership in these fields, the INSEE Ecocycle team is well equipped to offer bespoke solutions to match the needs of various different industries.

CONWOOD BY INSEE

Innovative wood replacement materials for sustainable construction

Mitigating Environmental Impact and Balancing the Ecosystem

Steering the Sri Lankan construction industry towards environmentally responsible and sustainable construction practices, CONWOOD by INSEE is a sustainable substitute for authentic wood products. Manufactured using ultramodern technology, our range of multipurpose CONWOOD products can be used for both indoor and outdoor architectural as well as decorative applications, with guaranteed durability, versatility and enhanced sustainable features.

0% WOOD AND 0% TOXICITY

CONWOOD panels contain 0% wood, are non-toxic, and can withstand exposure to a range of weather conditions. With a recorded hardness score of 13 MPa/cm, CONWOOD sets an industry benchmark guaranteeing highly durable structures

Enhanced features of CONWOOD:

- Weather Resistant
- Fire Resistant
- Termite Free
- Asbestos Free
- Highly Robust

A WIDE RANGE OF PRODUCTS

- CONWOOD Floor Products:
- CONWOOD Wall Products:
- CONWOOD Eaves and Ceiling Products:
- CONWOOD Multipurpose Products:

CONWOOD HOUSE

INSEE introduced the innovative CONWOOD House concept to Sri Lanka; to promote cost-effective and energy-efficient homes that are resourcefully and reliably constructed within an accelerated time frame using the winning combination of highly sustainable CONWOOD and INSEE construction products.



OUR APPROACH TOWARD BUILD FOR LIFE



SUSTAINABILITY STRATEGY

Sustainability Vision

Being the nation's foremost cement producer and the only fully integrated cement manufacturer in the Country, INSEE sees itself as having a bigger role to play in our nation's progress. It is this ideology that underpins INSEE's vision to be sustainable on all fronts – economic, social and environmental. The balance between economic success, environmental protection and social responsibility has been an integral part of our corporate culture for decades. Over the years we have made a concerted effort to embed sustainability into every aspect of our business that it has now become a way of life that defines what we as an organisation stand for. This approach is based on the principle of creating more value for our stakeholders, as well as for our business – at a reduced environmental footprint.

Affiliations and Partnerships

We have realized that being affiliated to leading global and local sustainability advocates can greatly enhance the value of our efforts. These affiliations provide us the opportunity to mirror industry best practices to maximize the impactfulness of our initiatives.

Our affiliations include:

- Green Building Council of Sri Lanka (GBCSL)
- Ceylon Institute of Builders (CIOB)
- Sri Lanka Thailand Business Council.
- Greater Mekong Business Council, Sri Lanka
- Global Cement and Concrete Association
- Chamber of Construction Industry, Sri Lanka
- Biodiversity Sri Lanka
- Asia Pacific Alliance for Disaster Management, Sri Lanka

Partnerships with like minded organisations also play a vital role in fulfilling INSEE's sustainability vision. Over the years we have collaborated with both government and private sector organisations as well as with NGOs to support our sustainability agenda.

- International Union for Conservation of Nature (IUCN)
- Central Environment Authority, Provincial Environment Authorities
- Geological Survey and Mines Bureau
- The National Institute for Occupational Safety and Health
- Institution of Occupational Safety and Health
- Construction Industry Development Authority
- National Enterprise Development Authority
- National Apprentice and Industrial Training Authority
- Institution of Engineers, Sri Lanka
- Sri Lanka Navy
- Sri Lanka Police
- Local and Provincial councils, District secretariat.
- Ceylon Chamber of Commerce
- Colombo Plan, Sri Lanka
- ChildFund Sri Lanka.

Challenges and Opportunities

With the world's population expected to grow to more than nine billion over the next three decades, the global environmental footprint will likely become greater than what the planet's resources can sustain, in turn further aggravating the issue of climate change. Amidst this backdrop, INSEE's traditional business model faces immense challenges especially given its reliance on non-renewable resources.

On the other hand population growth causes higher economic activity and drives the demand for housing and construction. For INSEE this scenario presents numerous opportunities. However capitalizing on these opportunities will depend on our ability to accelerate our sustainability agenda to enhance the value we create through our business operations in relation to the environmental footprint of our products and services. No doubt our experience as a pioneer sustainability champion and our unparalleled innovation capability will be the key pivots that will help us evolve quickly and efficiently to develop the future-ready solutions that are needed. At the same time we feel it will be beneficial to work closely with our stakeholders and pursue collaborative partnerships where possible in order to holistically address sustainability impacts across INSEE's entire value chain.

Alignment with the SDG's

Since 2017, INSEE has been looking to realign its sustainability agenda in cognizance with the Sustainable Development Goals (SDGs) developed by the United Nations (UN) which is a comprehensive and universally recognised framework of global priorities and sustainability aspirations for 2030.

Given that our efforts so far have been somewhat ad-hoc, we took some clear action in 2019 to see that INSEE makes a more meaningful contribution to the SDGs. A new Group Steering Committee was formed and tasked with drawing up an action plan to prioritize specific goals. Using 2018 as a baseline, the Group Sustainability Steering Committee recommendations cited that INSEE adopt a step-by-step approach to increase the contribution first to selected goals in five focus areas such as occupational health and safety, carbon footprint reduction, water conservation, biodiversity conservation, and social responsibility and thereafter to all SDG's.

2020 - 2025



Promoting road safety to reduce injuries and deaths due to road traffic accidents.

Extending health and wellness support for local communities.



Expanding Technical and Vocational training programmes for youth.

Extending educational support for children in local communities.



Expanding the Clean Water Project to ensure equitable access to safe and affordable drinking water for all.



Increasing the share of alternative energy generated through co-processing technology.



Enhancing the scope of the Coral Restoration initiative.



Further strengthening the Assisted Regeneration Programme and Animal Rescue programme at the Aruwakkalu Quarry site.

Enhancing the scope of the Mangrove Restoration programme.



Investing in resource recovery and regeneration.



Investing in industry leading infrastructure, research and development to produce sustainable blended cement product portfolio – moving toward lower carbon footprint.



Supporting the development of sustainable construction materials.

Strategic Imperatives

Our focus on sustainability is based on the deep understanding of eight strategic imperatives for sustainable development as they relate to our business model and value chain. These strategic imperatives are derived from our internal Risk Management framework, compliance requirements and by analysing sustainability trends and global best practices as well as key insights from our stakeholder engagement process.

INSEE's Value Chain and Business Model



Stakeholder Engagement

Engaging with our stakeholders to understand their needs and expectations is a key component of our sustainability strategy. Moreover, stakeholder engagement drives our innovation efforts and provides key valuable input to support our risk management programme. It is why we engage in regular and ongoing dialogue with all INSEE's stakeholders, including customers, end-consumers, suppliers, employees, shareholders, local communities, government agencies, associations and non-governmental organisations, and academia.

To better understand their expectations and perspectives we engage with our stakeholders at

several levels: through one-on-one interactions, through multi-stakeholder initiatives and on occasion through special forums that focus on specific sustainability-related topics.

In 2019 we conducted a comprehensive stakeholder survey and material study to determine what our stakeholders consider to be priority topics for them. We first identified our key stakeholder groups vis-a-vis the nature of their interest and impact to the organisation, which led to the classification of internal and external stakeholder groups. At present we have a formalized materiality determination programme and the topics deemed material for 2019 are those have

been classified as high to moderate priority issues in our current business model. The outcome of this comprehensive process was the development of our revised Materiality Matrix which was mapped against the economic social and environmental indicators set out under the GRI guidelines. In parallel, a plant-wise materiality assessment was also carried out with the assistance of the plant sustainability teams. Thereafter using 2019 as the baseline year, short term and long-term sustainability targets were set in future - short term targets to be achieved by 2025 and a long range plan outlining INSEE's sustainability ambitions for 2030.

Stakeholder engagement approach

Stakeholders	Engagement Methods & Frequency	Key Topics Raised and Responses
Customers	<ul style="list-style-type: none"> Product brand equity study (ongoing), Corporate equity study (first-time launched), Customer satisfaction quality assessment (NPS) – (Ongoing) Awareness sessions (Regularly) Mason meets (Quarterly) Knowledge sharing sessions (Regularly) i2i knowledge sharing sessions (As required) 	<ul style="list-style-type: none"> Customer expectations on ethical work practices. Direct financial impact of training programmes for customers including, masons, technical officers, engineers and others. Resultant financial benefits of productivity / service level improvements in customer service levels and product experience. Customer expectation on quality products. Understanding customer needs and identifying new opportunities to improve customer experience and service quality.
Communities (Local communities in Puttalam and Galle)	<ul style="list-style-type: none"> Corporate equity study (first-time launched), Community Advisory Panel meetings at plant locations (frequently at a plant level and annual general meeting), Engagement with villagers during continuous community development initiatives (regular ongoing), Meetings with local authorities and community leaders (ongoing) CSR programmes (Ongoing) 	<ul style="list-style-type: none"> Plant locations have undertaken Social Impact Assessment and have in place Community Engagement practices, the results of which drive the localised CSR programmes. Communities expect CSR activities to be undertaken by INSEE locations. INSEE promotes responsible utilization of shared resources and creating shared value to the communities by supporting in their livelihood development needs.

Employees	<ul style="list-style-type: none"> • Corporate equity study (first-time launched), • Quarterly Communications (every quarter), • Speak up line (Continuous) • Open Door Policy (Continuous) • Joint Consultative Committee meetings (Ongoing) • Team building activities (Regularly) • CSR engagement events (Continuous) • Sports and cultural activities (as required) 	<ul style="list-style-type: none"> • Direct financial impact of training programmes and resultant financial benefits of productivity / service level improvements. • Possible loss of brand reputation, payment of compensation if charged with human rights violations. • Employee and outsourced worker expectation of adherence by Puttalam cement plant to maximum working hours as per regulation. • Employee and outsourced worker expectation of freedom of association. Trade unions and effective Industrial relationships with INSEE management. • Potential employee expectation. • Worker Health & Safety: Direct financial impact from loss of productivity / greater claims for the Company. • Loss of brand equity, due to Occupational injuries impacting both employees and outsourced contractors. • INSEE ensures all employees are motivated and remain satisfied regarding their current status and future prospects in the Company.
Business Partners Dealers, Distributors Suppliers	<ul style="list-style-type: none"> • Corporate equity study (first-time launched), • Dealer meetings (Monthly) • Market visits (Regularly) • Supplier assessments (Annually) • Supplier meetings (Ongoing) 	<ul style="list-style-type: none"> • Cement price controlled by regulations. • Expectation by regulators and customers for packaging compliance and quality product. • Direct negative Financial Impacts for higher rates paid for purchases of raw materials. Sustainable options exist for using materials which are byproducts of other industries such as, Fly ash, Slag, etc. Procurement of raw materials is subject to national and international standards • Company undertakes review and audits of its local suppliers. Agreements are signed with suppliers mandating labour law adherence in carrying out their operations. Currently, no regulations exist with regard to monitoring supplier Environment and Social Impacts; internal processes already exist for local suppliers audits. • Building stronger sustainable relationships has been key for INSEE, to increase mutual benefits for Company and its business partners. INSEE nurtures knowledge sharing practices among its dealers, distributors, suppliers and all its business partners.
Regulators, Media	<ul style="list-style-type: none"> • Corporate equity study (first-time launched), • Meetings (as needed) • Audit reviews (Annually) • Events (As required) 	<ul style="list-style-type: none"> • Regulatory and customer requirements on labelling especially on the bags. • Compliance with laws and regulations such as SLSI, CAA exist. • Impact on brand reputation caused by poor quality and possible sanctions. • Local and global quality standards and best practices. • Compliance with Environmental laws and Environmental Protection Licenses. • Expectations by community to adhere to regulations and Social License to operate. • Compliance to country laws on disposal of hazardous waste, and effluent discharge exist in the organisation. • INSEE ensures full compliance to the laws and regulations of the country and supports to improve the industry standards, by constantly introducing best practices and setting industry benchmarks.
Investors	<ul style="list-style-type: none"> • Monthly or quarterly meetings (Ongoing) • Annual General meetings (Annually ongoing) 	<ul style="list-style-type: none"> • Investor / Parent Company expectations on ethical work practices. • Socio Economic compliance: • Customer expectations for good product quality and expectation of adherence to all local regulations. • Expectation of Parent Company / Investor to abide by Group on policy compliance and performance indicators are constantly monitored for increasing mutual benefits of all stakeholders.

Materiality Matrix



● Economic ● Environment ● Social

Risk Management Framework

Our Sustainability Risk Framework is designed to identify and address sustainability risks in our core business. The framework consists of several umbrella policies that cover each aspect of our business model and where relevant across INSEE’s value chain.

The overarching principles set out under these Umbrella Policies are cascaded down through process manuals containing detailed work instructions, procedures and protocols supported by goals and targets, which creates a framework for

employees to effectively manage sustainability issues at an operational level. The Umbrella Policies as well as the procedural controls are reviewed regularly and updated in line with new sustainability developments that have an impact on our business. A planned schedule of bi-annual internal audits is carried out to measure the performance of key sustainability aspects such as Quality, Environment, Energy and Health and Safety against targets.

In an effort to further streamline our sustainability monitoring programme, the Sustainability Performance Analyser dashboard was rolled out as a pilot project in early 2019. The Sustainability Performance Analyser dashboard is designed to capture INSEE’s sustainability data as per the new GRI-based Material Topics. It is hoped that this approach will make the data capture process more relevant in order to support proactive management of Material Topics and also improve the transparency of our business-level reporting disclosures.

GRI Reference	Material Topic	Why is it Material?	Degree of Materiality	Topic Boundary	Management Approach and evaluation criteria
201	Economic Performance	Supports the achievement of INSEE's long term growth objectives	High	Internal / External	Sustainability Strategy – Pages 18, 20 Contributing to Sri Lanka's economy - Page 33 Industry Leadership - Page 29
203	Indirect Economic Impacts	Clarifies INSEE's position as a key contributor towards raising the Country's socio economic standards	Moderate	Internal / External	Sustainability Strategy – Page 18, 20 Commitment to the Community - Pages 67, 68 Sustainability Strategy – Pages 18, 20 Safety is Our Number 1 Priority – Pages 37, 40
204	Procurement Practices	Reduces the risk of disruptions caused by a breakdown in the supply chain and also ensures long term sustainability of the value chain	Moderate	Internal / External	Strengthening Partnerships (Supplier) – Page 62 Sustainability Strategy – Page 20
205	Anti-Corruption Practices	Enhances INSEE's brand reputation in the market	High	Internal	Sustainable Compliance and Ethics – Pages 26, 27 Sustainability Strategy – Page 20
301	Materials	Explore opportunities to use recycled and alternatives to reduce the volume of non-renewable raw materials	High	Internal	Commitment to the Environment – Pages 75, 76, 77, 83, 84, 85
302	Energy	Use of alternative energy to reduce the dependency on non-renewable energy to lower INSEE's emission intensity ratio	High	Internal / External	Sustainable Compliance and Ethics – Page 26
303	Water	70% of INSEE's water requirements are met through groundwater, and 30% is met from the surface water	High	Internal	Sustainability Strategy – Pages 18, 20
304	Biodiversity	INSEE's Ruhunu and Galle Cement plants and the Aruwakkalu Quarry site are located in close proximity to biodiversity hotspots	High	Internal / External	
305	Emissions	Reducing Scope 1 and Scope 2 emissions generated in the course of business operations will contribute towards lowering INSEE's carbon footprint	High	Internal / External	
306	Effluents and Waste	Responsible waste management is important to ensure no harm to surrounding habitats and ecosystems	High	Internal / External	
307	Environmental Compliance	Strengthens INSEE's credentials as a good environmental steward	High	Internal / External	

GRI Reference	Material Topic	Why is it Material?	Degree of Materiality	Topic Boundary	Management Approach and evaluation criteria
308	Supplier Environmental Assessment	Reduces the risk of disruptions caused by a breakdown in the supply chain and also ensures long term sustainability of the value chain	High	Internal / External	Strengthening Partnerships (Supplier) – Page 64 Sustainability Strategy – Pages 18, 20
401	Employment	Improves INSEE's position as an Employer of Choice	High	Internal	INSEE People – Pages 43, 44, 52
403	Occupational Health and Safety	Provides employees with the assurance of a safe work environment	High	Internal / External	Safety is Our Number 1 Priority – Pages 37, 40
404	Training and Development	Improves employee capability to drive long term corporate objectives	High	Internal / External	Sustainability Strategy – Pages 18, 20
405	Diversity and Equality	Improves INSEE's position as an Employer of Choice	Moderate	Internal	
406	Non-discrimination	Improves INSEE's position as an Employer of Choice	Moderate	Internal	
407	Freedom of Association	Improves INSEE's position as an Employer of Choice	Moderate	Internal	
408	Child Labour	Improves INSEE's position as an Employer of Choice	Moderate	Internal	
409	Forced or Compulsory Labour	Strengthens INSEE's credentials as a good corporate steward	Moderate	Internal	
413	Local Communities	Strengthens INSEE's credentials as a good corporate steward	High	Internal / External	Commitment to the Environment - Page 67
414	Supplier Social Assessment	Reduces the risk of disruptions caused by a breakdown in the supply chain and also ensures long term sustainability of the value chain	High	Internal / External	Strengthening Partnerships - Page 64
416	Customer Health and Safety	Enhances INSEE's competitive edge in the market	Moderate	Internal / External	Commitment to Our Distributors – Page 56 Commitment to the Customer – Pages 57, 58
417	Marketing and Labelling	Safeguards INSEE's brand reputation in the market	High	Internal / External	Safety is Our Number 1 Priority – Pages 37, 40
419	Socioeconomic Compliance	Strengthens INSEE's credentials as a good corporate steward	High	Internal / External	Industry Leadership – Pages 29, 30 Sustainable Compliance and Ethics – Page 26

Sustainable Compliance and Ethics

Compliance is a major part of our Risk Management Framework. INSEE is committed to conducting its business in accordance with the following laws, regulations and best practices applicable to various aspects of our business;

- Companies Act No. 7 of 2007 (as amended)
- Inland Revenue Act No. 24 of 2017
- Shop and Office Employees (Regulation of Employment and Remuneration) Act No. 19 of 1954 (as amended)
- Conditions of the Environmental Protection License issued by the Central Environmental Authority and the Provincial Environmental Authority for Puttalam Cement Plant, Ruhunu Cement Plant and Galle Cement Plant
- Conditions of the Scheduled Waste Management License issued by the Central Environmental Authority and the Provincial Environmental Authority for Puttalam Cement Plant, Ruhunu Cement Plant and Galle Cement Plant
- Labelling requirements stipulated by the Sri Lanka Standards Institute for the labelling of cement bags
- Conditions of the Geological Survey and Mines Bureau license issued to the Aruwakkalu Quarry site
- Conditions of the Marine Environment Protection Authority license issued to Ruhunu Cement Plant, Galle Cement Plant and Colombo Terminal
- Conditions of the Atomic Energy Authority certification for the detection of minerals in products and raw materials.
- Conditions of the ISO 9001 Quality Systems Management System Standard
- Conditions of the ISO 14001 Environmental Management System Standard
- Conditions of the ISO 45001 Occupational Health and Safety Management System Standard
- Conditions of the ISO 50001 Energy Management System Standard

It is considered the duty of all INSEE employees to comply with the regulations and best practices that apply to their day to day work. It is the responsibility of the System Compliance Manager to ensure the overall organisational compliance while the System Compliance Coordinator at each plant is tasked with ensuring compliance protocols are being implemented.

Our Legal and Compliance teams together conduct random audits to verify if the conditions of licenses and permits are being fulfilled continuously. Task Observations (TO) and Safety Observation Tours (SOT) are carried out at random by internal teams to verify the compliance of the specific tasks and ensure employees conform to the formal Health and Safety processes.

These audits, TO's and SOT's help determine the level of Health and Safety compliance at operational levels and also identify gaps to facilitate continuous

improvement. In addition, the annual audits conducted by the Sri Lanka Standards Institute, the Central Environmental Authority and the third-party certification bodies on ISO and other Standards audits assist in maintaining overall Compliance at an overall organisational level.

Meanwhile beyond compliance, all employees are expected to act with integrity and professionalism in their dealings with customers, suppliers, governmental bodies or partners. The INSEE Code of Conduct sets standards to guide the conduct of employees in 3 core areas: integrity at work, integrity in business, and integrity in society. The integrity at work section, among other things, also contains a specific clause regarding anti-corruption practices to help our employees to identify and avoid corrupt business practices in their day to day work. Regular awareness sessions and digital communications disseminate information on the Code of Conduct standards, anti-corruption policies and procedures are communicated

to all full-time employees in English, Sinhala and Tamil languages. The communication reaches out to employees working in all our business locations, including Puttalam, Galle and Ruhunu cement plants. In 2019, the Code of conduct was updated and relaunched to bring greater clarity regarding the anti-corruption policy and its applicability to the Company and its workforce. As part of this process, all operations were strictly reviewed to determine their risk of corruption. The review did not reveal any incidence of anti-corruption recorded during the reporting period.

In addition, a Whistleblower policy is in place to give employees the opportunity to anonymously report financial misappropriations, misconduct of business practices, violations of our Code of Conduct or matters deemed to come under the topic of bribery and corruption. In 2019 there were no incidents of bribery and corruption reported.

The Whistleblower policy is also used to report serious improper management including serious breaches of occupational safety, concerns about environmental pollution, serious issues directed towards an employee, such as instances of discrimination, violence or sexual assault or serious violation of Company policies.

To further enhance the independence Whistleblower process, in 2019 we introduced the Speak Up Line managed by an independent Whistleblowing service provider operating out of the UK. Respondents can access the Speak Up Line through a dedicated call-in number or via email. Thereafter all allegations will be reviewed by a steering committee before being

sent to the respective investigators for necessary action. A series of workshops were conducted to raise awareness about the new Whistleblower reporting process.

Sustainability Governance

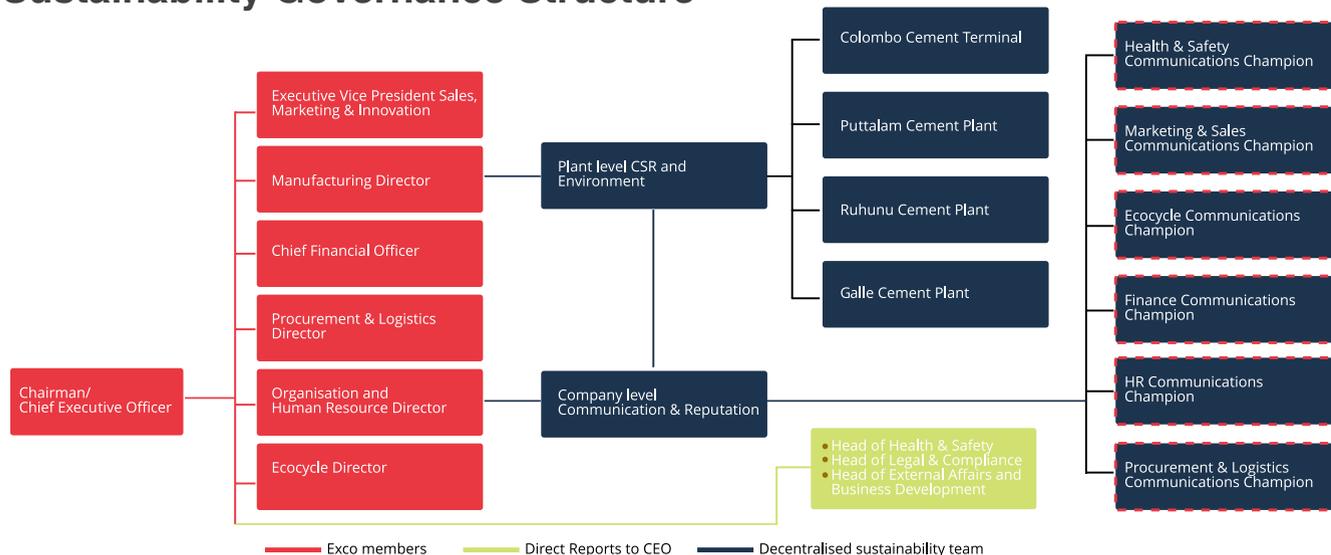
A strong governance structure led by the INSEE Board of Directors underpins the delivery of our sustainability vision. The Chairman and Board of Directors set the tone from the top and provide strategic direction, while INSEE's Chief Executive Officer (CEO) is charged with overseeing the integration of economic, environmental and social sustainability across the business. Assisting the CEO is the Executive Committee (EXCO). The EXCO consisting of 7 members representing the key business functions (Human Resources, Manufacturing, Commercial, Finance, Procurement,

Logistics, Ecocycle) is responsible for driving the corporate sustainability strategy forward in their functional aspects, by approving and implementing more detailed strategies, policies and targets through all operations across the business in creating shared value to all our stakeholders. The EXCO is responsible for reviewing sustainability risks as part of its annual risk review.

Meanwhile a sustainability team consisting of a Company Reputation Manager, Plant Environment Managers, an Energy Manager, a Plant Safety

Manager and the CSR coordinator collectively provide oversight for the achievement of sustainability targets at a plant level. The Plant Sustainability Team reports to the Plant Manager regarding plant-level sustainability performance, while the Plant Manager is responsible to the EXCO. In addition, Sustainability performance indicators are monitored by the appointed Sustainability Champions who work together with the Sustainability team to manage economic, environmental and social impacts across the business

Sustainability Governance Structure



TRANSFORM CONSTRUCTION INDUSTRY FOR LIFE



INDUSTRY LEADERSHIP

Management Approach

INSEE believes its fundamental purpose is to provide leadership for the development of the local construction industry. Inspired by our ambition to be known as the most dynamic and progressive cement manufacturer in Sri Lanka, we continue to focus on

new thinking and fresh ideas that will put INSEE at the forefront of the industry transformation. We want to lead by example by challenging conventional norms and exploring new perspectives that will allow the entire industry to move forward

at a faster pace and while so in a more holistic and sustainable manner. Backed by our legacy of over 30 years and the strength of our global brand, INSEE has made a sustained long-term commitment to become a key catalyst in this evolutionary process.

Innovation

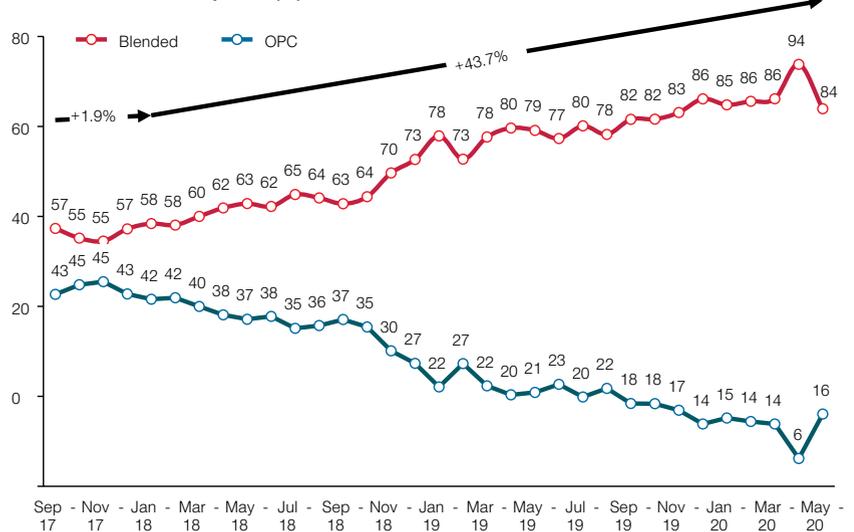
Having pioneered superior blended cement to the local market as far back as 2004, INSEE has since been on a very focused journey to continually raise the bar for the local construction industry, by taking steps to move away from the traditional non-sustainable products towards products with a lower CO₂ footprint. Following a two-pronged approach, we are working simultaneously to reduce the percentage of our traditional Ordinary Portland Cement in our

products and solutions portfolio, and at the same time, expand the range of innovative and superior Blended Cements with significantly lower carbon footprint to satisfy the growing demand for sustainable and performing buildings and infrastructures. In pursuit of this goal, INSEE has over the years partnered with various internal and external stakeholders to expand its superior blended cement range. Today superior blended cements account for almost 85% of our

overall portfolio. We have set out ambitious targets to drive to improve the share of superior blended cements in all our key market segments. By 2021 we want to cater to the retail market by offering only superior blended cement while increasing the share of superior blended cements offered to government projects and the B2B market to over 65%.



Blended Share Development (%)



Research and Development (R & D)

R & D is a key pillar that contextualizes INSEE's industry leadership position. We rely on R & D as the basis of ongoing innovation that allows INSEE to continuously enhance its products and solutions portfolio not only to meet but rather exceed customer expectations. Spearheading our research programme is the INSEE Innovation to Industry (i2i) collaboration space launched in 2019. Underpinned by its mission "To deliver innovative solutions for the industry, society and the environment" the i2i collaboration space takes a proactive approach to understand demand trends, and study different market dynamics. The i2i team collaboratively work in partnership with key industry stakeholders to provide specially curated solutions that cater to these precise needs. Our robust quality programmes allow these innovations to be fully vetted to ensure these innovative products and solutions are not only ready for the market but are also more

sustainable over the longer term.

The newest addition to our portfolio - INSEE Mahaweli Marine Plus launched in 2019 is the outcome of nearly 2 years of research by the Innovation Center to develop the most suitable high-performance cement for the local Concrete product manufacturing (CPM) industry. A Blended Hydraulic Cement with enhanced physical properties, faster demoulding time and better finish, INSEE Mahaweli Marine Plus, thus becomes the most sustainable solution for the CPM industry.

To further confirm our leadership status in the local cement industry, we launched the INSEE i2i (innovation to industry) collaboration space in October 2019. Reflecting INSEE's efforts to adopt a more proactive approach towards understanding and addressing customer needs, the i2i collaboration space offers a functional space for stakeholders

to collaborate and address the emerging needs in a market, formulate strategies and develop new products and solutions for the building and construction industry. The i2i space offers a range of specialized functional spaces, including a 24-hour walk-in-space comprising a laboratory, auditorium, sitting and working space benefitting university students, young engineers, influencers and architects who could use the facility as a space for learning and knowledge sharing. The i2i collaboration space can be used for developing innovative concrete and cement products, knowledge sharing, learning and testing. Specialized testing spaces offer more than 40 different types of test modules for the industry. Of the 40 tests on offer, around 15 are new to the industry and to the construction market and over 10 are comprehensive in leading industrial perspectives.

Product Compliance

In Sri Lanka's highly regulated cement manufacturing industry, Product Compliance adds legitimacy to our operations and enhances our brand reputation.

We exercise a zero-tolerance approach towards non-compliance with all laws, rules, regulations, including social and economic aspects as well as laws pertaining to anti-competitive behaviour, anti-trust, and monopoly practices. Accordingly, all three of INSEE's manufacturing plants – Puttalam Cement Plant, Ruhunu Cement Plant and Galle Cement Plant, are all designed in line with applicable statutory compliance requirements in relation to environmental aspects,

health and safety, energy use and resource utilization.

Furthermore INSEE is dedicated to meeting all its statutory Product Compliance obligations which are governed primarily by the Sri Lanka Standards Institute (SLSI). Accordingly, INSEE remains fully compliant with SLS 107 for Ordinary Portland cement), SLS 1247 for (Blended Hydraulic cement) and SLS 1253 for (Portland Limestone Cement). As per the laws applicable to our business, all new brand names are first registered under the National Intellectual Property Act and thereafter submitted to the SLSI to secure the relevant product approval. SLSI will then

take these products through a lengthy testing and verification process and upon confirmation they issue the license to operate.

Furthermore, thanks to our diligent efforts to develop sustainable high-performing product solutions, we have succeeded in obtaining approval from the Green Building Council of Sri Lanka for selected products from our blended range to be declared as "Green Certified" cement products. INSEE Sanstha became Sri Lanka's first such cement product to be awarded the Green Labelling Certification.

INSEE Sanstha Brand Equity Index

Year	2013	2015	2017	2018	2019
Brand Equity Index (Out of 10)	3.0	5.1	5.3	5.1	5.1



Governance and oversight are key pillars of INSEE's compliance framework. INSEE's Legal and Compliance department oversees the formulation of policies and effective implementation of all major compliance frameworks at a plant and Company level, while at a site-level Compliance champions are responsible for implementing established control procedures and also for promoting the compliance culture at an operational level. In addition, annual site-wise audits conducted by independent third-party certification bodies help to ensure that INSEE remains 100% compliant with all applicable statutory and regulatory requirements at all times.

Our Legal and Compliance department, under the supervision of EXCO, work together to holistically track developments in the area of compliance. They further collaborate to determine how these new developments should be integrated into our internal compliance protocols and further cascaded down to plant-level.

Compliance Track Record for 2019

Incidents of non-compliance regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	Zero
Incidents of non-compliance regarding non-compliance with regulations and/or voluntary codes concerning product and service information and labeling.	Zero
Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area	None
Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations	None

Awards and Accolades

Name of Award	Awarded to	Recognised for	By whom
INSEE Puttalam Cement Plant won Gold Award at Presidential Environment Award under the category of Chemical Industries Plants	INSEE Puttalam Cement Plant	INSEE Puttalam Cement Plant's contribution to the green production process at the company's manufacturing plant	The Presidential Environment Awards Programme is organized by the Central Environmental Authority (CEA) to reward individuals and industries that have made a significant contribution to the field of environmental conservation and protection.
INSEE Ecocycle Pre-processing Facility in Katunayake won Gold under the category of Solid Waste Recovery / Recycling / Disposal or Processing Plants	INSEE Ecocycle Lanka	In recognition of its contribution its contribution to environmental conservation. under the category of Solid Waste Recovery / Recycling / Disposal or Processing Plants	
INSEE Sanstha, Sri Lanka's oldest existing cement brand and the most demanded brand produced by INSEE Cement, made history by winning People's Housing and Construction Brand of the Year for the eighth consecutive year at the SLIM-Nielsen People's Awards 2019.	INSEE Sanstha Cement brand	INSEE Sanstha once again came out on top during this year's nationwide survey, reflecting the Sri Lankan consumer's loyalty and deep-rooted sentiments towards the Sanstha brand.	Organised by the Sri Lanka Institute of Marketing (SLIM), the SLIM-Nielsen People's Awards provides Sri Lankan consumers a much anticipated and valued opportunity to vote for their favoured brands across a number of sectors.
Recognised with Two awards: Excellent Green Commitment Award 2019 - Corporate Sector & Leadership in Environmental Sustainability Award 2019	INSEE was recognized at the Annual Green Building Awards 2019 for honouring organisations committed to environmental sustainability.	INSEE's commitment in promoting sustainable development in Sri Lanka and assisting Green Building Council of Sri Lanka in its endeavors to transform the Sri Lankan construction industry with green building practices was recognized. INSEE was also recognized for its commitment in implementing green building practices within the Siam City Cement (Lanka) Ltd and their branch network and thereby taking the leadership in promoting environmental sustainability principals in the corporate sector in Sri Lanka.	The Green Building Council of Sri Lanka (GBCSL), the nation's leading authority on implementing green concepts and green building practices.



CONTRIBUTION TO SRI LANKA'S ECONOMY

Management Approach

INSEE is uniquely positioned to support the national economy in a multitude of ways. Being the only fully integrated cement manufacturer in Sri Lanka, INSEE does not rely entirely on imported clinkers but rather produces over 80% of its requirement using limestone mined from the quarry site in Aruwakkalu. Annually INSEE produces over 900,000 MT of clinker at its Puttalam Cement Plant and in this way helps prevent around USD 70 Mn in currency outflows that would otherwise have been needed to procure imported clinkers.

Moreover, as the leading cement supplier to the nation, INSEE has carved out a name as a key catalyst in the growth and prosperity of the Country. Backed by a legacy spanning half a century, and the

knowledge, expertise and best practices of our parent company - Siam City Cement Public Company Ltd. (SCCC), a leading cement manufacturer in Thailand, INSEE's innovative and sustainable solutions continue to deliver the best possible outcomes for different construction models. Today more than ever, our premium brands INSEE Sanstha and INSEE Mahaweli Marine Plus are reshaping Sri Lanka's changing architectural landscape by providing world class cement solutions for the construction of houses, condominiums, highways, ports, airports, dams, and bridges all across the Country. Most notable among them are the Colombo Port City Development project, New Kelani bridge, Extension of Southern Expressway, Greater Matale Water Supply project, Kaluganga-Moragahakanda transfer canal,

Metro Colombo Solid Waste Management project, National hospital Out-Patients Department project, Construction of 500 housing scheme in Kottawa, Pannipitiya, Badulla Chenkaladi road project and more.

At INSEE we take our responsibility to the nation very seriously. Over the years we have continued to deepen our contribution to the national economy through consistent investments to enhance our core infrastructure. More recently, INSEE has also embarked on an ambitious strategy to lead the transformation towards a circular economy through the INSEE Ecocycle resource recovery business.

Direct Economic Value Generated: Revenue

Total Revenue Generated	LKR 31,093 million
Operating Profit	LKR 2,603 million
Economic Value-Added	LKR 1,570 million

Annual Operating Intensity Factors - 2019

Total Cement Produced
Puttalam, Ruhunu and Galle cement plants
1.86 million tonnes

Total Cement bagged
In Colombo Cement Terminal Packing Plant
67,242 tonnes

Total Waste sent for Incineration
By INSEE Ecocycle Pre-Processing Plant in Katunayake
23,421 tonnes

Total Concrete Produced
INSEE Ready-Mix, Poliyagoda
45,274 tonnes

Total Waste Generated
1.75 million tonnes

Waste 3 R'd Percentage
Recycled, Reused, Recovered
85%

Annual Operating Capacity

Ruhunu Cement Plant
Grinding capacity Current 1.0 million tonnes

Puttalam Cement Plant
Limestone Hauling Current 1.5 million tonnes
Design Clinker capacity Current 0.7 million tonnes
Cement Production Current 1.3 million tonnes
Cement Dispatch Current 1.4 million tonnes

Galle Cement Plant
Grinding capacity Current 0.4 million tonnes

Infrastructure Investment

While setting the benchmark for Sri Lanka's cement industry, INSEE's iconic infrastructure has made it possible for the Company to make a sizable contribution to the Country's economic, social and environmental progress.

Economic Value Distributed

Operating Costs	LKR 28,491 million
Dividends	LKR 0
Project Expansion and Rationalisation	LKR 89 million
Employee Wages and Benefits	LKR 2,728 million
Payments to Government	LKR 825 million
Community Investments	LKR 32 million
Environmental Investments	LKR 4 million



GRI-201:103-1; 103-2; 103-3

GRI-203-1

GRI-102-7

GRI-201-1

GRI-203-103-1



Leading the transformation towards a Circular Economy

Long before Sri Lanka began to address the challenges associated with climate change, INSEE had already begun tackling such issues as far back as 2003 with the launch of the Ecocycle non-hazardous waste management operation which later expanded to hazardous industrial waste management operations in 2009. A total of LKR. 3 billion has been invested to-date, to set up the whole INSEE Ecocycle waste management operations. Today, the INSEE Ecocycle Pre-Processing facility in Katunayake specializes in converting both non-hazardous and hazardous industrial waste from other industries to produce alternative fuel for our Puttalam Cement Plant kiln.

Reflecting its key business premise to offer

“partnerships for peace of mind waste management solutions”, INSEE Ecocycle offers its service to leading local corporates in the agriculture, apparel, rubber, FMCG, chemical, pharmaceutical, electronic, petroleum, plastics, printing and packaging industries. Additionally, Ecocycle has also entered into a public private partnership with the government and other environmental regulators such as the Central Environmental Authority, Provincial Environment Authority North Western Province, Office of the Commissioner of the Western Province and associated Municipal Councils, in an effort to tackle Sri Lanka’s municipal solid waste crisis.

INSEE Ecocycle has up to date collected over 1 million MT of industrial waste material in partnership

with over 1,000 corporates and another 100 municipalities and local government institutions, thus providing all of them with sustainable waste management solutions to achieve their sustainability targets. In 2019, INSEE Ecocycle renewed its land lease agreement with the BOI to extend its waste management services up to 2035.

INSEE Ecocycle has also steadily expanded its services beyond kiln co-processing to diversify its suite to offer a range of environmental services. The launch of our environmental services in 2018 marks an important milestone in our journey to build a better, cleaner environment in Sri Lanka.

The pre-processing facility at BOI’s Katunayake Export

Journey of INSEE Ecocycle

2003	Started at Puttalam Cement plant with bio-mass waste types and waste oil.
2007	Introduced shredded material with industrial shredded material installation.
2008	Acquired Scheduled Waste Management License for the Puttalam Co-processing technology process from Provincial Environment Authority
2009	Obtained Waste Management License. Acquired Scheduled Waste Management License for KEPZ Pre-Processing Facility from the Central Environmental Authority. Established INSEE Ecocycle pre-processing facility in Katunayake. Achieved ISO 9001:2008 certificate for Quality Management Systems. Achieved ISO 18001:2007 certificate for Health and Safety Management Systems. Achieved ISO 14001:2004 certificate for ensuring protection of the environment and Environment Management System.
2010	Stepped into Industrial Hazardous Waste-disposal management. Launched first-ever Carbon Neutral Conference.
2011	Launched Geo Responsibility Awards to recognise the customers.
2012	Expansion of Shredder Machine operations. Achieved the first Integrated Management Systems certificate in Sri Lanka Obtained Lanka Responsible Care Council- Membership certificate

Zone is the main operational hub for Environmental Services. The facility provides services ranging from pre-treatment, pre-processing, storing, laboratory services and central logistics for hazardous and non-hazardous material primarily to BOI companies within the zone as well as other companies in Sri Lanka requiring waste management services. As part of its holistic environmental services model, Ecocycle also offers industrial cleaning, electronics waste management, resource recovery and total service solutions, in addition to chemical waste management, emergency response, training and consultancy, analytical laboratory services and specialised logistics making INSEE Ecocycle Sri Lanka's only fully-fledged specialist waste management solutions provider. Through proven expertise, skilled resources,

know-how and professional services INSEE Ecocycle exemplifies commitment and leadership in offering businesses waste management solutions and is thus able to assist corporates fulfill their sustainability goals.

Meanwhile INSEE's Co-processing technology in Puttalam offers a complete solution with zero harmful emissions to the environment in compliance with regulatory requirements and globally accepted technical standards for waste co-processing. In this regard, the facility has secured the Environmental Protection License and Scheduled Waste Management License from Central Environmental Authority and Provincial Environmental Authority and has obtained the ISO 9001, ISO 14001, ISO 17025

and OHSAS 18001 certifications.

Taking yet another giant step to create a waste-free nation, INSEE Ecocycle launched Sri Lanka's first ever Resource Recovery Center in late December 2019 in collaboration with local FMCG giant, Unilever Sri Lanka. The fully-fledged Resource Recovery Centre, equipped with state-of-the-art technology, marks an important milestone in INSEE Ecocycle's efforts to spearhead the Country's transition towards a greener circular economy. Revolutionising waste management, INSEE Ecocycle's Resource Recovery Center moves away from accepted conventional norms of recycling, instead employing advanced waste management processes ensuring the discarded waste is converted through manufacturing into an invaluable resource. As

2013	Stepped into Municipal Solid Waste Management operations. Organized the first ever Waste Conference in the Country alongside a CEO's forum
2014	The establishment of a state-of-the art sludge drying facility in Puttalam.
2015	The "Global Dialogue on Safe and Secure Handling of Hazardous Waste" was hosted in 2015 in collaboration with the Ministry of Industry and Commerce. Awarded 'Green Label Product Award' by Green Building Council. President of Sri Lanka awarded an Appreciation Certificate for Ecocycle operations. Central Environmental Authority (CEA) Award received for the e-waste management programme in partnership with CEA.
2016	Geocycle transformed to Ecocycle (as part of ownership change from LafargeHolcim to Siam City Cement Public Company) Central Environmental Authority (CEA) Appreciation awarded for Environmental Friendly Disposal 2016 initiative
2017	Appreciation from the Presidential Awards for the contribution of Sorted Municipal Solid Waste disposal channel development by CEA.
2018	INSEE Ecocycle Lanka (Pvt) Ltd was established as a separate legal entity. Diversified the Ecocycle business into Non-Kiln Based environment Solutions (NKBS).
2019	Inaugurated the first-ever novel Resource Recovery Center with the aim of transforming industrial waste into valuable resources. INSEE Ecocycle has embarked on this significant initiative in collaboration with the local FMCG giant, Unilever Sri Lanka.

a result, the waste does not end up in landfills and the economic, social and environmental costs associated with waste to be minimized in turn contributing to a cleaner environment and fueling economic growth. In this regard, INSEE Ecocycle's Resource Recovery Center will ensure an end-to-end solutions facilitating the systematic collection of FMCG and post-consumer

waste through comprehensive steps including reverse logistics for the collection of waste from general trade and modern trade, segregation, purification, reuse, recycle and upcycle . The cooperation of different recycling partners will secure an upcycling resolution for all discarded goods. By transforming waste into resources that can

be used in an efficient and sustainable way, the new Resource Recovery Center aims to support Unilever's commitment to reduce the use of virgin plastic by 50% by 2025 and assist in the creation of zero plastic waste.

INSEE Ecocycle Lanka provides Safe Disposal Solution for Cocaine for the Second time in Sri Lanka

Demonstrating its commitment to support the national cause and contribute to building a drug-free nation, INSEE Ecocycle, once again joined hands with the Sri Lanka Police (SLP), Police Narcotics Bureau (PNB) and National Dangerous Drugs Control Board (NDDCB), Government Analytical Department (GAD) and Presidential Task force for the Prevention of Drugs, to undertake to responsibly dispose of confiscated Cocaine Hydrochloride through our Cement Kiln co-processing.

To determine its narcotic content, the confiscated cocaine material was first subject to verification under the guidance of the Government Analyst Department (GAD), NDDCB and Attorney General's Department. INSEE Ecocycle carried out the technical part of the evaluation with the support of PNB and NDDCB to assess if the feeding mechanism and pre-processing activities can ensure the safe disposal of the dangerous drug with minimal social and environmental impact. The technical evaluation included a comprehensive risk assessment and mitigation action plan covering all the aspects of environmental, social, health and safety areas throughout the pre-processing, logistics and co-processing value chain to ensure safe and secure disposal. The pre-processing mechanism involved the conversion of the chemical structure and the physical state of the material, where the confiscated Cocaine was first liquefied in an aqueous medium. The liquefied material was transported for final

disposal to Puttalam Cement Plant for the second phase of the disposal. This material was transported via intermediate bulk containers - specially built hazardous waste transport vehicles with a secondary compartment to capture any spillage. The entire operation was carried out under strict supervision of Sri Lanka Police and the transporting vehicle was escorted by the Sri Lanka Police and Police Narcotic Bureau officials.

The confiscated Cocaine Hydrochloride was then transferred for co-processed through a liquid feeding channel, to enable closed feeding with minimum exposure to the environment, while ensuring the 100% security of materials considering its high risk and social sensitivity. The co-processing took place through Cement Kiln at a temperature of 1800-2000 °C with 4 - 6 sec, residence time and under full controlled parameters of the kiln process. INSEE's Puttalam Cement Plant Kiln is technically proven to have a destruction removal efficiency of 99.999999%, which guarantees zero post disposal residue. Continuous Emission Monitoring (CEM) were also carried out during and after the phase of final disposal to ensure no harmful emissions are exposed to the environment.

A total of 769 Kgs of confiscated Cocaine was disposed of in this manner in 2019, the second time INSEE Ecocycle has undertaken this an effort. In 2018 INSEE Ecocycle safely disposed of 928 kgs of confiscated Cocaine using the same technology.



SAFETY IS OUR NUMBER 1 PRIORITY

Management Approach

At INSEE, we operate on the premise that every individual has the right to be safe and remain in good health. We fulfill our moral obligation to our employees, their families and anyone else affiliated to our operations, by ensuring strict compliance with all legal and regulatory frameworks applicable to our business.

However, our commitment to safety goes beyond mere compliance and to benchmark globally accepted best practices that will help minimise safety risks of our business.

Moreover, as one of the largest manufacturing organisations in Sri Lanka, we are looking to confirm INSEE's status quo as the most admired safety advocate among Sri Lanka's corporate sector.

Underscoring this commitment is INSEE's declaration; to cause 'Zero Harm' to employees, contractors and any other stakeholders across our value chain, including suppliers, customers and the wider society. Our approach is based on a 360-degree view that allows us to gain a deeper understanding of the direct and indirect safety dynamics at our sites and across our business value chain. This holistic view is encapsulated in our Exco approved Safety Charter, which places equal emphasis on both on-site and off-site safety and in doing so serves as the first point of reference for our overall health and safety management system.

Onsite Safety

Since 2007, INSEE's onsite safety programme has been aligned to the OHSAS 18001 Health and Safety Management system certification, which follows a systematic approach to planning, clear work regulations, responsibilities, and controls to ensure an ongoing improvement process and thus prevention of accidents.

In 2019, INSEE became the pioneer of the adoption of ISO 45001, the latest global standard for Occupational Health and Safety Management. Given that the scope of ISO 45001 is much more aligned with INSEE's internal Health & Safety Management system which encompasses line responsibility to Health & Safety backed by leadership.

Safety Governance

Safety Governance is a critical component in our health and safety management system. It provides the structure through which the Company's safety vision is cascaded and internalized by employees at all levels of the business.

The Central Safety Committee (CSC) is the apex body in charge of safety within the Company. Chaired by INSEE's CEO, the CSC consists of a cross functional team responsible for safety oversight across the organisation. The CSC meets every two months to discuss health and safety matters, review active and reactive OHS performance indicators, H&S activities and contractor safety related issues.

Under the supervision of the CEO, the Health & Safety department is responsible for the implementation of the health and safety management system including the formulation of policies and procedures in line with globally accepted safety standards. Monitoring of safety performance and accident investigation process also come under the purview of the Health and Safety department.

At plant level, the Plant Manager with the support of the Plant Health & Safety Manager provides supervisory oversight for the implementation of safety protocols as well as monitoring of safety performance in the day to day operations. Fatality Prevention Elements (FPE) Champions who are different functional leaders at each plant/ site are responsible for the implementation and monitoring of FPE protocols under their purview .

Monthly Health & Safety Sub-committee meetings are conducted at plant level. These meetings are chaired by the Plant Manager and require the participation of senior managers, FPE Champions, line managers representatives from all departments. The Plant Safety Manager presents the monthly OHS performance update including proactive and reactive indicators while issues are discussed in this forum.

Safety Culture

We have always maintained that a sound Safety culture is crucial to our efforts to manage safety risks across our organisation. At INSEE, we expect all employees, contractors and other stakeholders to share in the responsibility for ensuring their own safety as well that of their colleagues. As dictated by the INSEE leadership principles, Managers at all levels are expected to demonstrate visible health and safety leadership by ensuring that health and safety policies are implemented and continuously reviewed. Managers are also held accountable for accomplishing health and safety goals by ensuring continuous improvement in the health and safety performance of areas under their purview.

Building a proactive safety culture was another key priority. In this regard, a range of proactive Key Performance Indicators (KPI's) such as, number of safety observation tours, training hours, number of task observations and safety audit scores were recently introduced as part of the performance evaluation criteria for line managers, in addition to the reactive indicators already applied. By giving a higher weightage to proactive KPI's, we encourage employees to cultivate a more proactive mindset that would control Safety and Health hazards in the organisation effectively.



Excellence in Health & Safety operations

At INSEE, we take pride in having world class management systems to support our efforts to keep people safe in their day to day operations. Our efforts to achieve excellence in safety operations is pivoted on 5 key pillars;

- **OH&S Leadership & Accountability**

In 2019 we launched a special culture shaping initiative under the banner “Leadership and Accountability” to promote safety leadership and accountability at the next level down the line. Having formulated a long range plan to systematically inculcate the concept of line accountability, we launched the first phase in mid-2019 under the Visible Leadership Programme which saw several projects being rolled out concurrently. The first being the Safety Ambassador initiative targeting non-managerial level employees followed by the Next Leader, programme accredited by the Institute of Occupational Safety and Health (IOSH), UK.

- **OH&S Management**

Applicable to all INSEE plants and sites. The basis of this Safety Management System, are the thirteen

Fatality Prevention Elements (FPE's), including working at height, isolation and lockout, vehicle and traffic safety, machine guarding, lifting and supporting loads, etc. all of which aim to adequately control specific hazards at plants and sites. Each FPE is accompanied with detailed safety instructions designed to ensure each activity can be carried out safely and without injury. The implementation of FPE protocols are audited bi-annually by our internal audit teams and further verified annually through the INSEE Group Regional Audit team.

Regular and ongoing training is a critical component of the FPE implementation procedure. In 2019, we carried out a competency mapping exercise among the respective FPE teams. This was done with the intention of updating the FPE training framework in line with the latest organisational and global trends.

In parallel, we launched a new virtual reality training pilot programme to give employees the opportunity to apply FPE protocols on a simulator that captures their precise work environment.

Included in our OH&S Management System is an online H&S Reporting Framework, where hazard observation and findings from safety observations, incidents can be reported in real time through the “OHS Report” mobile application which then triggers an immediate notification to the respective functional owner who is required to take necessary action to close the hazard. A comprehensive Incident Investigation Framework is in place to probe the root cause and take actionable initiatives to prevent repetition of such incidents.

Incident Reporting and Investigation Framework

Without exception, all incidents including onsite fatalities, lost time injuries, medical treatment injuries, first aid incidents, near misses and property damages are reported and investigated. Depending on the severity of the incident the investigation team may include an EXCO member, Plant Manager, Line Manager and Safety Manager to lead the

investigation. Even minor incidents such as first aid and property damages are summarized and included into the monthly reports sent to the EXCO.

The detailed presentations of all critical incidents are presented by the accountable Line Manager at the next - Central Safety Committee headed by CEO.

Actions are then reviewed at the forum and inputs are given by the Exco. All incidents, including the minor incidents, are carefully analysed and studied individually every year, whereby H&S Function then draws the trends and patterns of such incidents to improve the Annual H&S Strategic Planning process.

- **OH & S Operational Safety programme**

This focuses on machinery, equipment, process and structural safety. Understanding the need for more proactive action in this area, we initiated a Hazard & Operability (HAZOP) study in 2019 as part of an in-depth risk assessment to determine key pain points in the production process that could give rise to major process failures. The main purpose here was to identify and isolate specific process hazards that could lead to equipment failure resulting in major business interruptions, environmental issues or cause harm to people. These plant-wise assessments were carried out by a special in-house team from cross functional disciplines, and included internationally trained safety professionals, process engineers, structural engineers and mechanical engineers.

In 2019 a Design Safety and Construction Quality Programme (DSCQP) was carried out by the Regional team in an effort to determine the H&S risks linked to the design and construction of our structures, quarries and slopes. The findings of this DSCQP were taken into consideration for future capital expenditure allocations based on its priority.

- **Occupational Health & Hygiene programme**

A new initiative was introduced in 2019 with the aim of taking proactive measures to address

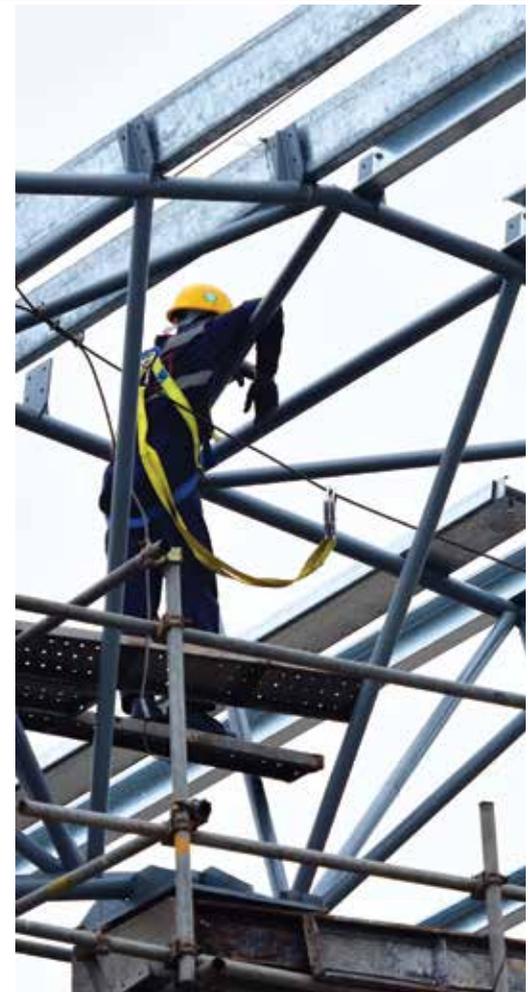
occupational health & hygiene. Where the data collected confidentially through our annual medical examinations were analyzed to identify high risk groups as well as determine any correlation between occupation/ work area having an impact on health.

- **Contractor Safety Management Directive (CSMD)**

The CSMD with its framework of seven key pillars has been designed to ensure the safety of Third-Party Contractors and visitors to INSEE sites and cement plants. They are,

1. Defining the scope and safety planning.
2. Pre-qualification of contractor.
3. Pre- commencement of contract.
4. Execution and control.
5. Communication.
6. Auditing and improvements.
7. Close out and review.

In 2019, the CSMD was further strengthened with the roll-out of a new Contractor Compliance Management workflow system. The new system creates a central information database to capture all contractor information, including their training logs. With the new workflow system fully operational by end-2019, we began working on the next phase to connect non-compliance with biometrics into the contractor profiles.



Offsite Safety

INSEE's responsibility for safety extends to its Off-site operations as well, where we focus primarily on the risks associated with our logistics and transport operations. As a leading cement manufacturer, our business model includes a substantial logistics operation involving the transport of raw materials and distribution of finished goods. Given the scope and scale of our operations, we estimate that our inbound and outbound logistics operations account for approximately 15 million kilometers of road transport activity annually across Sri Lanka.

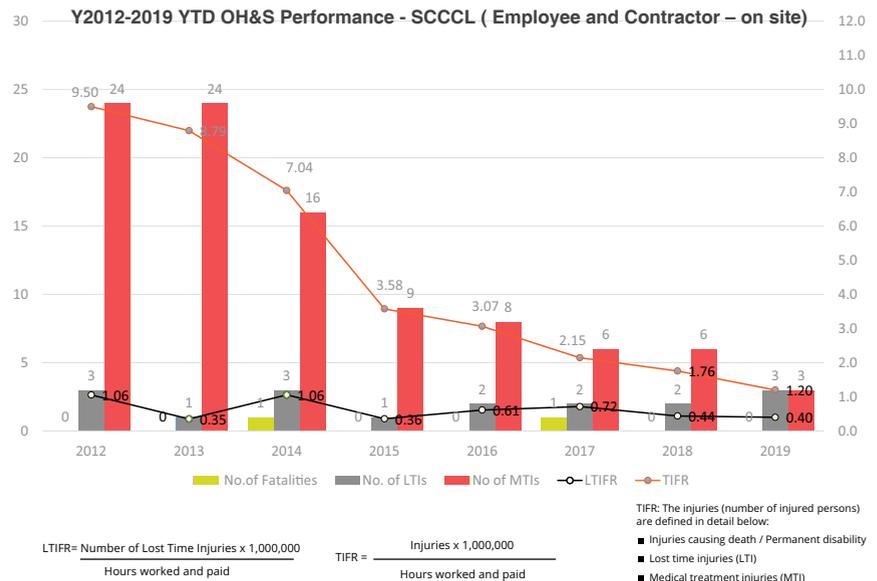
Amidst this backdrop, we readily accept and acknowledge our responsibility to promote safety on the roads. Led by the INSEE Safety Charter, we maintain a separate Offsite Safety programme. Led by the Director Procurement and Logistics with the support of a dedicated Road Safety Manager, the programme focuses on the regular training for drivers and a strict oversight procedure to ensure both driver compliance and fleet safety. In 2019, the oversight procedure was further streamlined with the implementation of the Road Observation Unit to conduct spot inspections to determine driving speed, driver reflexes and driving etiquette. To further support this effort, all inbound vehicles were fitted with internal and external vehicle surveillance equipment.

Based on the findings from these analytical studies, we took action to revise some of our safety measures. For example: having found that drivers are most fatigued during the early hours of the morning, particularly between 1 a.m. and 4 a.m., the nighttime driving parameters were revisited. Accordingly, drivers are now permitted to commence operations only after 4 a.m. and clock out by 1 a.m. at the latest. All vehicles were fitted with GPS monitoring devices to ensure vehicles do not operate during restricted

times and are also used to monitor over speeding. Meanwhile to ensure drivers have the opportunity to take more frequent breaks, we have increased our network of rest stops. One new station was commissioned in Panadura on the Galle-Puttalam route and another in Mihintale on the Trincomalee-Puttalam route.

We also expanded our training activities in 2019 where more than 900 drivers received training on

defensive driving during the year. Through targeted training of this nature we are looking to create a clearly defined safety culture among our driver community. This however continues to be a difficult task especially given the frequent driver replacements by the supplier. Taking some definite action to address the issue of high driver turnover, we began working on a series of structured rewards and recognition mechanisms through which we expect to increase the driver retention percentage over time.



Future Goals

Onsite Safety

Complete the full implementation of the CSMD workflow system in line with the ISO 45001 migration.

Expand the Visible Leadership initiative through mind and behaviour-based interventions.

Offsite Safety

Roll out the driver retention campaign.

Introduce special wellbeing activities for drivers.





CREATING SHARED VALUE

"I feel very proud to be associated with INSEE Cement Sri Lanka, for I believe that INSEE is one of the few organisations in the Country that always gives first priority to Safety. This will be obvious to anyone who enters the INSEE premises - it becomes immediately clear that safety is not merely an obligation but rather a moral code by which the Company lives by.

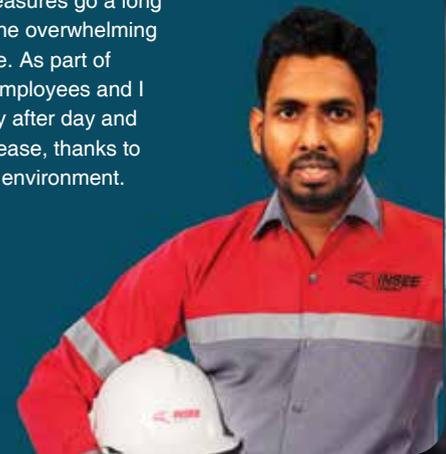
The dedication of the Company's leaders to reinforce the safety culture and their willingness to learn and adapt has made INSEE a true leader in the safety sphere in Sri Lanka.

Being a manager at Ruhunu Cement Plant, I have first hand experience about INSEE's commitment to safety - from the best equipment and world class systems to the safety awareness culture and continuous improvement of our safety systems. On a personal note, it is very reassuring to note that the Company first carries out a thorough due diligence to address all safety risks before undertaking any new activity.

I am also very appreciative of the fact that as employees, we are encouraged to get involved and find solutions to these safety concerns. I believe these measures go a long way in building trust which is evident by the overwhelming commitment shown by INSEE's workforce. As part of my job, I interact with various groups of employees and I find they are inspired to come to work day after day and perform their duties with confidence and ease, thanks to the assurance of a safe and secure work environment.

Minura Ishanka

Condition Based Monitoring
Superintendent of Ruhunu Cement
Plant & Galle Cement Plant



BUILDING LIVES



INSEE PEOPLE - EMPLOYEES

Management Approach

People are the backbone of INSEE's success, for it is the contribution made by each and every one of our 655 employees that help achieve our corporate ambitions. To ensure our business remains successful and sustainable over the long term, we believe it is vital that we attract, develop and retain the best in-class talent in the industry. This means offering our people an unparalleled employee experience to become the best version of themselves. A framework of policies and procedures, covering every step of the employee lifecycle such as, hiring, compensation and benefits, industrial relations, training and talent management, are in place to support our efforts to provide a superior employee experience.

Employees	Total	Male	Female
Top Management Level (Nos)	8	8	0
Senior Management Level (Nos)	40	36	4
Middle Management Level (Nos)	153	132	21
Front Management Level (Nos)	161	148	13
Non-Management Level (Nos)	293	290	3
Total Employees (Nos)	655	614	41
Number of Employees working outside Sri Lanka	4	4	0
Number of Employees working in Sri Lanka	651	610	41

Employee Value Proposition

INSEE's Employee Value Proposition (EVP) is the fundamental framework that drives the employee experience offered by the Company. In 2019 we relaunched the INSEE Employee Value Proposition (EVP) in line with the HR vision of the INSEE Group. Hence our new EVP is derived from the Group-wide INSEE People Excellence mandate that seeks to produce agile and passionate people who are willing and able to create a winning organisation. In striving

to live up to this definition of a winning organisation, the EVP focuses on enhancing employees' development, career advancement and well-being, to allow them to grow with the Company. Going forward, our success as a winning organisation will therefore be measured not only on financial success but also on a positive internal customer NPS (Net Promoter Score), employee engagement of over 80% and the ability to maintain a 1:2:1 ratio for leadership positions

at every level of the business.

Further expanding the concept of a winning organisation, the new EVP also aims to trigger a paradigm shift that will give birth to a new breed of exemplary citizens who can lead the transformation towards broader systemic change within their communities in the future.

Talent Acquisition

Our talent acquisition process is designed to attract the right people who are the best fit for INSEE. We follow a proven and consistent approach to select the candidates who possess the right skills, competencies and experience as well as the right attitude and mindset that helps them fit into the INSEE culture.

Recruitment and Selection

Our Recruitment policy serves as the basis of fair and equitable recruitment of potential candidates for a particular vacancy. As per our equality principles, the policy dictates that all vacancies should be advertised internally and externally. As an equal opportunity employer, all job roles are filled (whether internally or through external sources) by candidates whose background and experience best meets the qualifications of the position.

Our Recruitment policy was updated in 2019 based on the results of the 2-year review as well as the findings from routine audits conducted as part of the "Hire to Retire" process.





In 2019 we further expanded our employer branding initiatives, which continue to serve as a key feeder for entry level recruitments for engineering disciplines. INSEE's National Apprentice and Industrial Training Authority (NAITA) accredited Internship Programme registered a total of 31 interns in 2019.

Meanwhile, taking steps to strengthen existing partnerships with universities, we conducted a series of awareness workshops in 2019 mainly for engineering students and also participated in several career fairs.

Recruitment is supported by a transparent selection process that emulates global standards in relation to labour practices including equal opportunity and human rights. As such we do not discriminate against applicants or employees on the basis of race, creed, colour, gender, sexual orientation, age, religion, disability or national origin, or any other status protected by law. Given our stringent selection criteria, INSEE's operations are not at risk for child labour, and forced or compulsory labour.

Non-Discrimination (grounds of race, colour, sex, religion, origin)	Number of Incidents
Incidents of discrimination during the year	0
Incidents where investigation by organisation was completed	0
Incidents for which remediation plans were implemented	0
Of the Number of incidents reported, the number that were similar in nature	0

Employee Onboarding

We consider employee onboarding to be as important as the recruitment and selection as it helps new recruits to systematically transition to INSEE's unique work ethic. All new recruits from First Management Level and above are subjected to the following: a comprehensive 6-month onboarding programme which comprises of 5 different (stages) including 'My First Day', a session to foster a positive experience for new employees by making them feel welcome and valued with an overview of the Company, Safety Protocols and Lifestyle at work, the Onboarding programme, introduction to the buddy etc.

Journey 1 - Functional Induction, helps to depict the primary responsibilities of the job role & focuses on making sure the new employee gets a broader understanding of the team he/she is a part of.

Journey 2 - The 'Business Induction' is to orient new employees to the organisation's vision and paint a holistic picture on how the organisation implements, expresses and illustrates its mission and vision in everyday tasks and activities. This particular journey gives an in-depth understanding about different functions, Cement Production process, importance of Safety at INSEE & the Market visit is so that employees are able to reach up to the optimum performance level more quickly as they get to see how their individual objectives connect the overall company goals.

Journey 3 - Product Knowledge Session-This journey takes the first step in transforming our new employees into 'Brand Ambassadors' while providing knowledge on Cement Applications & Concrete Technology.

Journey 4 - 'Management Talk', the final stage of the onboarding programme focuses on helping new recruits gain insight in to new ideas from a different perspective, an opportunity to connect with leadership & provide overall feedback on the first 6 months of their employee experience at INSEE. The Onboarding programme includes a comprehensive evaluation process in which feedback is taken from participants at different stages for continuous improvements and concludes with the management talk, where the new recruit is required to make a presentation to the management to showcase the lessons learned.

Additionally, Non-Management Level (NML) employees are onboarded on-site by the site HR representative and the respective functional heads under the supervision of the Plant Manager.



Talent Management

Talent Management plays a crucial role in retaining employees to meet the current and future needs of our business. Our talent management programme is based on three key priorities;

1. Remuneration and Benefits

We believe that all employees should be remunerated fairly and as such the remuneration and benefits we offer are consistent with market standards as well as all applicable regulatory requirements. Furthermore, as an equal opportunity employer, we ensure that there are no structural differences in compensation between genders and that men and women performing similar roles are remunerated equally.

Management level employees are remunerated purely based on their level of competence, responsibility and contribution to the organisation. Management level employees' benefits includes annual salary increment scheme, mobile device purchase and mobile connections allowance. The benefit structure for management level employees was updated in

2019 as part of the routine industry benchmarking exercise done every few years. Non-Management Level (NML) employees meanwhile are covered under the collective bargaining agreement. While INSEE maintains ties with two employee unions, we have signed a collective bargaining agreement with the union that represents the majority of the NML employees union across the organisation. The significant remuneration and benefits typically covered under the collective agreement are salary and bonus allowance, shift allowance, over 20 years of Long-year service reward and the welfare trip. The collective agreement which was effective from the 1st of January 2019 is valid for 3-years and is due for renewal by end of 2021 and all the changes to the NML employee benefits are governed by this agreement.

2. Performance Management

At INSEE, Performance Management is based on three key steps; communicating employee performance expectations, maintaining ongoing

performance dialogue and the bi-annual performance review to evaluate actual performance against agreed targets. All permanent employees (management level and NML) of INSEE benefit from the Company's performance management model.

In 2019, we took some significant steps to further enhance certain aspects of our Performance Management model. We adopted the Group-wide new Performance Management System that focuses on 4 core competencies - drive results, collaborate, customer focus and challenges convention, for which all employees are held accountable and 3 additional leadership competencies - empower and nurture, engage and inspire, shape transformation strategy, for senior managers. A series of training programmes were carried out to raise awareness regarding the new core competency framework and its implementation.

In parallel, we also undertook a Productive Benchmarking exercise to determine the competency levels for all key positions, comparative to Group standards.

Percentage of Employees receiving Regular Performance Reviews	Total (Nos.)	Male (Nos.)	Female (Nos.)	Percentage
Top Management Level	8	8	0	100%
Senior Management Level	41	37	4	100%
Middle Management Level	152	131	21	100%
Front Management Level	161	149	12	100%
Non-Management Level	0	0	0	0

Seeing the need for a more systematic succession planning programme, we then rolled out selected modules of the Success Factors talent management platform. As part of the first phase, Individual Development Plans for front line management level employees were integrated into the success factors platform. This was done with the aim of identifying

potential successors for key roles. To further support this, the 360° evaluation tool was also initiated for all management level employees. Meanwhile in line with our efforts to transform into a performance-driven organisation, we undertook the "Fit-for-Future" project where we reviewed our existing management structures to determine what changes were needed in

order to move towards becoming a leaner, fitter and more agile organisation. Stemming from this exercise we identified several key value driver roles, which led to certain roles being merged in a bid to flatten the structural hierarchy and pave the way for INSEE to become a leaner and more agile organisation in the future.

3. Learning and Development (L & D)

Our approach to L & D goes hand in hand with our best in-class people development strategy which aims to give INSEE a definite competitive advantage in the market. Amidst this backdrop, our L & D model seeks to cultivate the mindset for continuous learning and growth by providing the best environment for people to develop the competencies needed to advance their career path. The INSEE Academy is a key facilitator in this L & D approach. We believe in equipping our people with world-class learning experience through customized learning and development programmes run by the INSEE Academy. The Academy's portfolio of training programmes, many of which are certified

by leading local and global institutes, focus on traditional topics, such as strategy, leadership, and management, as well as special training topics in the area of technology. Combining blended learning and continuous assessment, these programmes are designed to prepare managers for their future tasks and thereby ensure their long-term development.

A key focus for the INSEE Academy in 2019 was the development of the Frontline Management Level. The design and development of the Frontline Management Programme (FLMP) was based on the feedback obtained through a few focused group sessions conducted with the participants, their supervisors and subordinates. Having identified a skill gap in the maintenance department, the INSEE Academy launched a new course for

Process Maintenance Engineers - "Advanced Kiln Maintenance Course 2019 " developed by FLSmidth & local maintenance experts together with INSEE Academy. The programme, a SLIIT certified course targets the middle management layer. The five-day comprehensive course addressed specific PME (Preventive Maintenance Engineers) needs of the maintenance team across INSEE Group Operating Companies in Thailand, Vietnam and Sri Lanka.

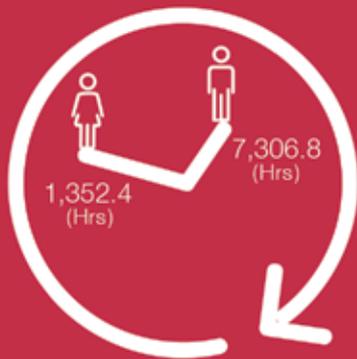
The course is aimed at empowering our maintenance teams and engaging them with further learning on modern Kilns, diagnosing site measurements and more.

Programmes for Upgrading Employee Skills and Transition Assistance Programmes

Cumulative of Employment Category (Hours)							
Training Categories	Top Management Level	Senior Management Level	Middle Management Level	Front Management Level	Non Management Level	Total	%
1. Leadership	-	114.0	818.4	1,976.6	968.0	3,877.0	17%
2. Safety	-	30.0	1,010.0	827.0	2,498.0	4,365.0	19%
3. Technical	-	144.0	2,565.5	1,300.0	1,396.5	5,406.0	23%
4. Functional	-	82.5	362.0	178.0	182.8	805.3	3%
5. General	17.0	566.3	2,515.8	1,945.4	231.4	5,275.8	23%
6. Commercial	-	317.5	819.5	821.5	199.0	2,157.5	9%
7. Ecocycle	-	72.0	641.0	522.6	57.0	1,292.6	6%
Total	17.0	1,326.3	8,732.2	7,571.1	5,532.7	23,179.0	
%	0%	6%	38%	33%	24%	100%	

Moreover, moving towards positioning INSEE Cement Sri Lanka as a net supplier of talent to the broader INSEE Group, we expanded the scope of our train-the-trainer programme series and began a separate initiative to focus on developing a team of trained coaches from among our management level employees.

Training Hours per Employee in 2019 by gender and location



Colombo

(Colombo Head office and others)

Total Training Hours
8,659.2 (Hours)



Puttalam

(Puttalam Cement Plant)

Total Training Hours
9,827.9 (Hours)



Galle

(Ruhunu and Galle Cement Plants)

Total Training Hours
4,692.0 (Hours)



Average Training Hours Per Employee (Hours)

Average Training Hours per Employee in 2019 by employment category

Average Training Hours per Employee (For all types of trainings carried out by the Company)	Total
Top Management Level (Hours)	2.1
Senior Management Level (Hours)	33.2
Middle Management Level (Hours)	57.1
Front Management Level (Hours)	47.0
Non-Management Level (Hours)	18.9
Total Average Training Hours per Employee	35.4

Employee Relations

INSEE has always remained firm in its commitment to foster strong mutually beneficial relationships with employees based on trust. In doing so, we work in compliance with the provisions of the law with regard to the terms of employment. INSEE also respects and adheres to universal principles and norms that protect human rights in employment, as specified in the UN Global Compact (UNGC) and in the declarations of the International Labor Organisation (ILO), including,

In addition, our schedule of daily Green Area meetings provide the opportunity for management teams to communicate directly with employees to keep them apprised of operational changes. Typically, the management is required to provide a minimum of two weeks' notice along with adequate support to help employees to adapt to operational changes. Taking steps to further enhance the support offered to employees and to ease their transition to operational changes, in 2019 we appointed a HR Business Partner at each plant. Amalgamating the roles of the Plant HR Manager and the Plant Administrative Officer, the HR Business Partner is required to ensure the recruitment of right people on the right job and to facilitate people development and learning. In this context the role of the HR Business Partner includes;

among other matters, with respect to the freedom of association and the freedom to conduct collective negotiations. As part of this approach, we recognize the employees' right to unionize and engage in collective bargaining and work to maintain fair and transparent collective labour relations, in full cooperation with the employee unions. The collective agreement currently in place covers 20% of INSEE's employees.

Reiterating the commitment to proactive and continuous improvement of labour relations, we have appointed a dedicated Industrial Relations Manager to maintain regular dialogue with union representatives and work closely with them to safeguard the interests of employees.

Violations of Freedom of Association in Operations	Total (Nos.)
Total Number of Employees	655 Nos.
Number of Employees covered under Trade Unions (formally and informally)	156 Nos.
Percentage of Employees covered under Trade Unions	23.8%

responsibly aligning business objectives with the respective functions and individuals, ensuring the HR Strategy fits in to the overall business and functional strategy, managing overall people operational topics such as welfare, industrial relations and the Hire to Retire process. Following the implementation of the HR Business Partner initiative, we launched "Your Voice", a weekly forum that brings together representatives from different departments at the plant along with the Plant Manager and the HR

Business Partner to discuss operational challenges and seek out ideas for improvement.

The other notable development for 2019, was the launch of the People Manager programme to improve the people management capacity of middle and Senior Managers and help them better deal with employee engagement and culture alignment issues.

Employee Wellbeing

Recognizing that work has an impact on the mental and physical health of our employees, we at INSEE consider it our duty to create a positive impact on their wellbeing.

Diversity and Equality

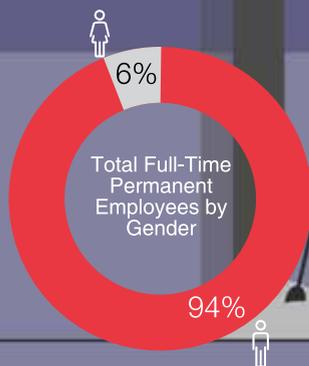
We strive to create a culture that respects and values each other's differences, one that promotes dignity, equality and diversity and encourages individuals to develop and maximise their true potential. These principles apply to all our HR processes including recruitment selection, pay, promotion, training and every other aspect of employment lifecycle.

Total Number and Rate of New Employee Hires in 2019 by age group, gender and location.

New Employee Hires	Employees, aged Below 30		Employees, aged Between 30 and 50		Employees, aged Above 50		Total		Total (Nos)	%
	M	F	M	F	M	F	M	F		
INSEE Colombo Head office & Other offices	14	08	07	02	02	0	23	10	33	5.0%
Puttalam Integrated plant (Puttalam cement plant and Aruwakkalu Quarry)	15	01	07	0	15	0	37	01	38	5.8%
Ruhunu Cement Plant	02	01	01	0	0	0	03	01	04	0.6%
Galle Cement Plant	02	0	01	0	0	0	03	0	03	0.5%
Colombo Terminal	0	0	0	0	0	0	0	0	0	0
Warehouses (Colombo, Kurunegala and Trincomalee)	0	0	0	0	0	0	0	0	0	0
Total	33	10	16	02	17	0	66	12	78	11.9%

Total Number and Rate of Employee Turnover in 2019 by age group, gender and location

Employees Resigned	Employees, aged Below 30		Employees, aged Between 30 and 50		Employees, aged Above 50		Total		Total (Nos)	%
	M	F	M	F	M	F	M	F		
INSEE Colombo Head office & Other offices	03	02	10	01	01	0	14	03	17	2.6%
Puttalam Integrated plant (Puttalam cement plant and Aruwakkalu Quarry)	03	0	01	01	05	0	09	01	10	1.5%
Ruhunu Cement Plant	01	01	01	0	0	0	02	01	03	0.5%
Galle Cement Plant	0	0	0	0	0	0	0	0	0	0
Colombo Terminal	0	0	0	0	0	0	0	0	0	0
Warehouses (Colombo, Kurunegala and Trincomalee)	0	0	0	0	0	0	0	0	0	0
Total	07	03	12	02	06	0	25	05	30	4.6%



In 2019, we undertook a study to determine our diversity demographic and found that our floor level workforce is male dominated. This is attributed to the requirements of our business as a cement manufacturer. In response, we began developing a long-range plan to enhance our workforce diversity via three key drivers gender, differently abled, and age.

During the reporting year, there were no reported incidents of discrimination

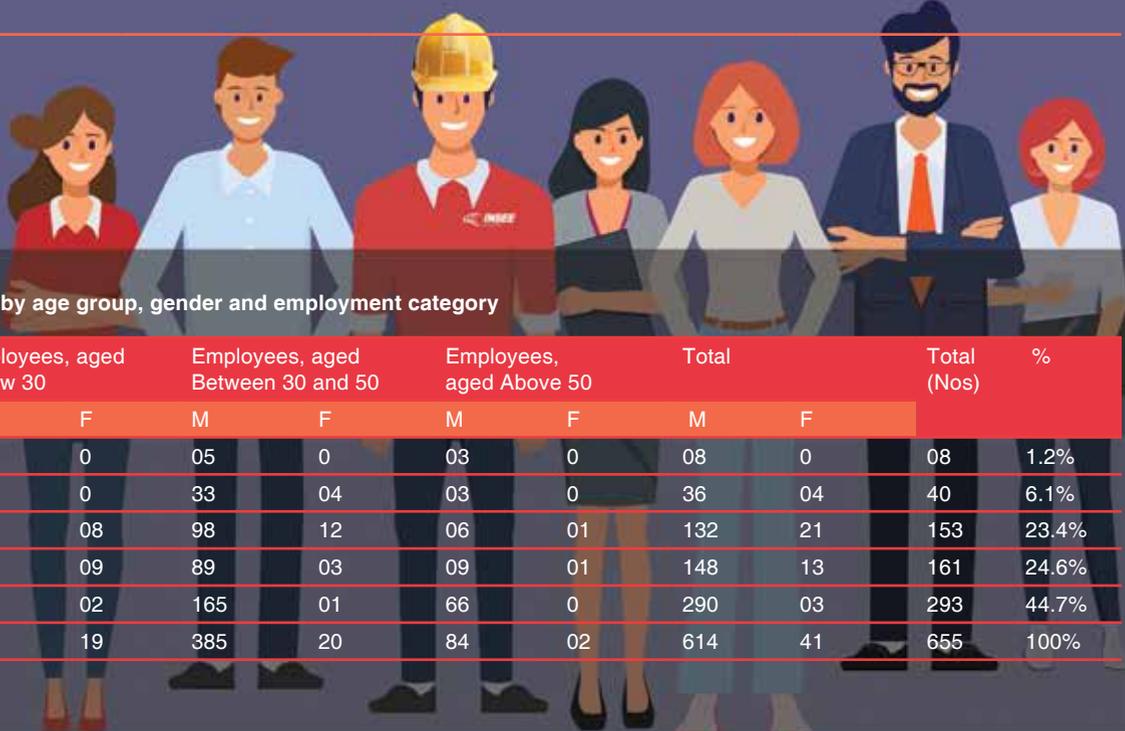
Total Number and Rate of Employee Turnover in 2019 by age group, gender and location

Employees Retired	Employees, aged Below 30		Employees, aged Between 30 and 50		Employees, aged Above 50		Total		Total (Nos)	%
	M	F	M	F	M	F	M	F		
Full Time Permanent Employees only*										
INSEE Colombo Head office & Other offices	0	0	0	0	0	0	0	0	0	0
Puttalam Integrated plant (Puttalam cement plant and Aruwakkalu Quarry)	0	0	0	0	08	0	08	0	08	1.2%
Ruhunu Cement Plant	0	0	0	0	0	0	0	0	0	0
Galle Cement Plant	0	0	0	0	01	0	01	0	01	0.2%
Colombo Terminal	0	0	0	0	0	0	0	0	0	0
Warehouses (Colombo, Kurunegala and Trincomalee)	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	09	0	09	0	09	1.4%

Total Number and Rate of New Employee Hires and Turnover in 2019 by age group and gender

New Hires and Turnover	Employees, aged Below 30		Employees, aged Between 30 and 50		Employees, aged Above 50		Total		Total (Nos)	%
Total New Hires who left during the Year	4		1		6		10	1	11	1.7%

As an organisation, we are also committed to the elimination of direct and indirect discrimination, harassment and victimisation of employees. In this regard, we ensure that the working conditions at our plants are non-discriminatory. This is further reaffirmed by our leadership principles, which specify the respectful treatment of colleagues.



INSEE Sri Lanka's Total Employees in 2019 by age group, gender and employment category

Employees Retired	Employees, aged Below 30		Employees, aged Between 30 and 50		Employees, aged Above 50		Total		Total (Nos)	%
	M	F	M	F	M	F	M	F		
Full Time Permanent Employees only*										
Top Management Level	0	0	05	0	03	0	08	0	08	1.2%
Senior Management Level	0	0	33	04	03	0	36	04	40	6.1%
Middle Management Level	28	08	98	12	06	01	132	21	153	23.4%
Front Management Level	50	09	89	03	09	01	148	13	161	24.6%
Non-Management Level	59	02	165	01	66	0	290	03	293	44.7%
Total	137	19	385	20	84	02	614	41	655	100%

Note: GRI 102-8/405-1: Total employees data includes Full Time Employees only. However, it should be noted that in 2019 we also had approximately around 2,000 workers from Third-Party Contractor's (TPC) (workers not under INSEE payroll) at various INSEE locations. The Site HR and Admin team members are required to monitor and record the monthly location-wise TPC worker count for workers hired for regular work requirements. TPC workers hired on a temporary need-basis for any additional project requirements are not monitored centrally at present. For this reason the total TPC worker count has not been included in this year's Sustainability Report 2019. Measures have been taken to centrally monitor and include the total Third-Party Contractor workers (both regular and need-based) count employed at INSEE location from 2020 onwards and will thus be reported in the next year's Report.

Occupational Health and Safety

INSEE has made safety as its first priority. We expect all employees to take responsibility not only for their own safety but also for the safety of their colleagues. In an effort to promote greater safety accountability at an operational level, in 2019 we launched the Safety Ambassador Programme for NML employees. Strict governance and regular oversight are key pillars in our overall approach to safety. Each plant has a

dedicated Plant Safety Team headed by the Plant Safety Manager to oversee plant safety operations. The Plant Safety team meets daily to discuss safety matters. Union representatives are also invited to participate in these meetings to discuss safety topics relevant to the collective bargaining agreement such as personal protective equipment, safety audits etc.

The Safety sub-committee comprising the Plant Managers, Plant Safety Managers and headed by the Head of H & S, meet weekly to review safety performance of respective plants. Meanwhile at an executive level, the Central Safety Committee meets twice a month to review overall safety performance and discuss strategy.

Non-Discrimination (grounds of race, colour, sex, religion origin)	Nos. of Incidents
Number of incidents of discrimination during the year	0
Number of incidents where investigation by organisation was completed	0
Number of incidents for which remediation plans were implemented	0
Of the Number of incidents reported, the number that were similar in nature	0

Occupational Injuries & Diseases	Total	Male	Female
Total Employees	655	614	41
Number of Fatalities	Total	Male	Female
Total Employees	0	0	0
Total Contractor's Personnel	0	0	0
High Consequence Injuries Number of injuries that require more than 6-month recovery time:	Total	Male	Female
Total Employees	0	0	0
Total Contractor's Personnel	0	0	0

Recordable Injuries	Total Employees	Total Contractor's Personnel
Number of injuries that require recovery time of greater than 1 day and less than 6 months	0	3 (Male 3 - Female 0)
Total number of Lost days of all types for Recordable and High-Consequence Injuries	0	Not available
Total Work-related injuries and fatalities of employees	0	3 (Male 3 - Female 0)

Fatality and Injury Types	Total Employees	Total Contractor's Personnel
Total Number of Injuries Due to Falling	0	1
Total Number of Injuries Due to Explosions and exposure to harmful rays/substances	0	0
Total Number of Injuries Due to Malfunctioning Equipment	0	0
Total Number of Injuries Due to Electrocution	0	0
Total Number of Injuries Due to Lifting or Moving heavy items	0	1
Total Number of Injuries Due to Cuts, Pricks and Sharp Objects	0	1
Total Number Injuries Due to Roadside Accidents/ Vehicle Collisions	0	0
Total Number of Injuries Due to Commute (if transport provided by company)	0	0
Total No. of Injuries Due to Natural Disasters and other causes	0	0

OHS Incidences	Employees & Contractor's Personnel
Total Fatalities	0
Total High Consequence Injuries	0
Total Recordable Injuries	3

OHS Rates	Employees & Contractor's Personnel
Fatalities Rate (GRI Calculation) per 100 workforce	0
High-Consequence Injury Rate (GRI Calculation, excludes Fatalities) per 100 workforce	0
Recordable Injury Rate (GRI Calculation, includes fatalities) per 100 workforce	0.329
Total Work related Injury Rate per 100 workforce	0.329

Number of High-Consequences injuries 0



Number of Fatalities 0



Number of Hours worked per employee 2000



Number of Hours Worked	Total Employees	Total Contractor's Personnel
Working Days in the period	250	250
Number of Hours worked by 1 employee (8 hours per day)	2,000	2,000
Number of Hours worked by 100 employees	200,000	200,000



Employee Grievance Handling

In the interest of maintaining a collaborative work environment, INSEE ensures that employees have every opportunity to express grievances and have them resolved in a fair, equitable and prompt manner. A standard procedure is in place for employees to raise their concerns as well as for reviewing and resolution of such grievances.

Our whistleblower policy allows employees to anonymously report any financial irregularities or misappropriations, without fear of retribution. In 2019 the "Speak up line" was introduced as a dedicated channel for the whistleblower policy.

Value added services

In recent years we have increasingly looked to digital technology to improve the service provided to employees. As part of our ongoing SAP migration, we automated several key HR processes in 2019 to give NML employees the ability to make online leave applications, obtain service confirmation letters etc. For this purpose, we installed service kiosks at all plants and also conducted a series of awareness sessions to encourage the NML staff to use the system.

Motivation and Team Spirit

At INSEE we work on the premise that people with a strong team spirit will have the drive and motivation to help the organisation to find solutions and move forward. In 2019, we conducted an Internal NPS to understand our employees (internal customers) and assess how they view their colleagues from other SBU's or departments. The purpose of the study was to determine the strength of our internal networks and to assess the degree of collaboration and teamwork practiced by our employees, which would ultimately reflect in the way they serve our customers. Hence the focus of our employee NPS was on 3 key areas:

- Employees' commitment to **CONTRIBUTE** to the future success of the organisation
- Employees' ability to **CONNECT** with all stakeholders across our business operations
- Employee's readiness to **CHALLENGE** themselves and the organisation to improve our day-to-day business practices

Throughout the NPS process, we encouraged employees to communicate openly with the management to intimate areas they feel need to be enhanced or changed. We believe this approach will help in developing a more innovation-driven, rewarding and empowering ecosystem which will enable INSEE to build strong relationships both internally and externally.

As in the past, we continue to focus on building team spirit and keeping our teams motivated. Activities conducted in 2019 to boost motivation and build team spirit, included;

- INSEE Awards - considered one of the biggest events in the HR calendar, is a high end recognition platform at INSEE to recognize and reward the best performers of the INSEE family in Sri Lanka, with prestigious laurels for their exceptional contribution that adds value to the company's growth in building the nation.

At the INSEE Awards 2019, thirty six winners were awarded in the categories of INSEE Gold Award, INSEE Silver Award, INSEE Bronze Award,

INSEE Excellence Awards, Sales Awards, Special

Recognition Awards, Green Awards, Safety Awards and Special Merit Awards.

- Workplace by Facebook, a communication and collaboration platform exclusively for INSEE employees. A fully integrated platform consisting of groups, instant messaging and a news feed channel, Workplace allows employees to connect with their colleagues across the organisation to share information and experiences in real time. In 2019 this platform was extended to connect all employees at a group level and now, is part of a Regional Workplace corporate social media platform.
- INSEE Step-up, Health and Wellness programme - Launched in Dec 2018 focusses on different types of wellness initiatives in connection with different aspects of healthy work lifestyle. In 2019, a virtual app-based challenge was introduced to promote greater physical mobility. A total of 6 step challenges were rolled out under the initiative, requiring teams to work together to complete each challenge within a stipulated timeframe before becoming eligible to advance to the next level. Teams that complete all 6 challenges become eligible to enter the raffle to win some exciting prizes.

- INSEE Rewards - A unique spot recognition scheme which is supported through a personalized co-branded Visa International LKR debit card issued in partnership with a leading bank. The objective here is to promptly recognise exceptional efforts of an employee or team. In this regard line-managers are given the flexibility and autonomy to reward employee contributions and achievements that merits immediate recognition.

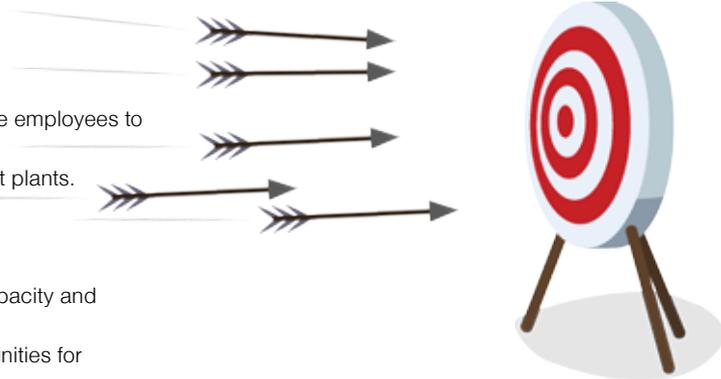
- INSEE Academy Night - a special event to recognize our internal trainers who have been instrumental in cultivating a learning culture in the Company. The award recipients are selected based on a special criteria.

Work-life balance

Given the often stressful situations our employees are called upon to deal with, we believe it is vital we help them to achieve a healthy work-life balance. Taking some definite steps in this regard, we recruited a trained psychologist to provide counselling support to plant employees. We also launched an 8-week Mindfulness programme focused on mental wellbeing, for employees at the Colombo Head Office.

Future goals and targets

- Develop an online tool to seamlessly integrate rewards and recognition.
- Enhance the Learning and Development model in line with Group standards.
- Develop certified train-the-trainer programmes for selected disciplines.
- Launch an 'HR Bot' as a feature of Workplace by Facebook in order to enable employees to resolve their queries online and in real time.
- Develop a structured succession planning mechanism for NML employees at plants.
- Quiz it Up! Virtual Quiz challenges in line with the concept of 'Edutainment'.
- Group Employee Engagement survey & results to action in 2021.
- Improve gender balance at the plants.
- Launch the INSEE Volunteer Programme to holistically develop employee capacity and promote responsible citizenship.
- Develop the Management Trainee programme to increase internship opportunities for undergraduates.



COMMITMENT TO OUR DISTRIBUTORS

Management Approach

Distributors are a key segment in INSEE's value chain, for it is the Distributor networks that enable the Company's products to reach the market. Based on this understanding, we have over the years built up an island-wide network of over 90 distributors to ensure INSEE's products are accessible in all 25 districts across the Country.

Given their vital role in our business, we develop our distributors as long term business partners with the capacity to support our strategy and growth objectives. We appoint exclusive distributors through a formal contract, which is renewed annually based on their performance and ability to meet key deliverables. Over the years we have built up a strong network of distributors of which nearly 70% have maintained ties with the Company for more than a decade and 50% among them for more than two decades.

Capacity Building

Capacity building is an important component of our distributor management model. In this regard, we support our distributors in various ways. We set goals and measurable targets to help our distributors to align with INSEE's strategic objectives. A robust distributor management system is in place to measure

the performance of distributors, while Area Sales Executives (ASE), who under the supervision of their respective Regional Sales Managers (RSM) continuously monitor dealers and distributors performance to ensure desired outcomes are achieved. Using their schedule of planned one-on-one meetings and site visits, ASE's and RSM's work closely with dealers and distributors in their areas to motivate them to remain on track to achieve their targets.

In 2019, we revamped our logistics model as part of a focused effort to move away from the traditional warehousing concept towards a more efficient logistics blueprint that will support our distributors and dealers to take our cement products closer to the end market at a faster pace. Taking the first steps in this regard, the Express Logistics Center (ELC) concept was launched with the aim of ensuring our distribution network works seamlessly to provide cement to our distributors in real-time. By reducing lead times and eliminating multiple handling, these logistics hubs help to greatly lower both cost-to-serve and time-to-serve. During the year, INSEE established three (03) ELC's in Kadawatha, Piliyandala and Nuwara Eliya, connecting the central hub and highway network in Western Province Sri Lanka. Approximately 40% of our distributor network stands to benefit from these ELC's.

In 2019, we also initiated the first phase of a Distributor

Rationalization project, wherein following a deep dive study to understand the profiles of our existing distributor networks, they were categorized depending on their contribution to the Company. The main aim here was to identify our high value distributors and support them to scale up their businesses to keep pace with INSEE's long term growth plans. Our support to distributors is based on a two-pronged approach. Firstly, to develop a customized rewards scheme to retain the support of high value distributors and secondly, explore ways to improve the capacity of mid-level distributors to help them transform their business to the next level.

Recognition and Rewards

We believe recognizing and rewarding our dealers and distributors for their contribution to INSEE's growth, is the key to building trust and securing the loyalty of our distributor and dealer base. Taking an important step in this regard, we launched the "Ilakkaya" Loyalty Scheme to issue our dealers and distributors with a co-branded debit card in partnership with a reputed Bank. The scheme operates through a points-based system, where dealers can accumulate points for every sale they make. At the end of each month, an amount equivalent to their monthly points tally is transferred to the dealers' respective bank accounts, which they can then access via their co-branded debit card.

Future Goals and Targets

Develop loyalty schemes to reward distributors for their effort to grow INSEE's captive market share



COMMITMENT TO OUR CUSTOMERS

Management Approach

As a local cement manufacturer, we serve two distinct customer groups; end consumers such as individual home builders, contractors, infrastructure and commercial projects as well as key influencers who assist us in reaching and servicing these end consumers including, masons, contractors, architects, technical officers and engineers. Regardless of their profile however, our commitment to all our customers is unequivocal and reflects our desire to be known as the most trusted construction partner in Sri Lanka.

We believe the best way to gain the trust of our customers is to present them with a holistic customer experience. Stemming from this, we have adopted a broad-based approach to become a truly customer-centric organisation that puts the customer at the center of everything we do. We have identified several priority areas that will help spearhead our efforts to give INSEE customers a distinctly different value proposition than that offered by peers.

Innovation

Innovation is an intrinsic part of our DNA. Over the past 30 years, we have aggressively pursued innovation based on the belief that it brings multiple benefits for our customers and the industry as a whole.

Our innovations continue to lead the transformation of Sri Lanka's construction industry. From the widest variety of traditional OPC (Ordinary Portland Cement) to a unique range of blended cement, our groundbreaking innovations have become the benchmark that others in the industry aspire to emulate.

Emphasis on Quality

Operating in a highly regulated industry, our products must comply with the legal requirements of local cement manufacturers. The Sri Lanka Standards Institute (SLSI) and other independent third-party audit teams that test our cement products ensure that the quality of our products meets SLSI standards applicable to the local cement industry. Regulatory requirements stated by SLSI in standards of SLS 107, SLS 1253, and SLS 1247 together with the BS EN 197-1 Cement Standard are mandatory compliance requirements.

INSEE's approach however goes far beyond mere statutory compliance requirements and embraces globally accepted best practices. In this regard, ISO 9001 Quality Management System, ISO 14001 Environmental Management Systems, ISO 45001 Occupational Health and Safety Management System and ISO 50001 Energy Management System Standards requirements are adhered to on a voluntary basis to instill best industry practices in maintaining consistent high-quality products.

Reflecting our commitment to customer health and safety, our quality assurance teams are required to carry out necessary due diligence activities to confirm the validity of raw material sources in line with INSEE's procurement principles. For example, it is our policy to call for National Building Research Organisation certification to confirm the fly ash we source is free of harmful substances.

The next step of our quality assurance programme is a framework of rigorous testing protocols. Raw materials such as clinker and supplementary cementitious materials are subject to acceptance and rejection tests to measure their chemical profiles and physical

attributes against our own technical parameters as well as regulatory standards parameters defined by SLSI. State-of-the-art testing facilities at each plant, together with a comprehensive testing schedule serves as the basis for testing such raw materials. On occasion, we do seek external assurance from specialists regarding our findings. We also regularly collaborate with local universities to study and confirm the credibility of our material components.

Our commitment to quality management is further reinforced through a stringent internal quality control mechanism which relies on sophisticated information technology systems to support the achievement of our downstream quality targets. Meanwhile proper storage of both raw materials and finished goods prior to dispatch, is also an important element in our overall



Altair-The tallest residential development in Sri Lanka

INSEE MAHAWELI MARINE PLUS - A SUSTAINABLE SOLUTION FOR THE CPM INDUSTRY

Enhanced Strength

Both slag and fly ash variants of INSEE MAHAWELI MARINE PLUS display inherent chemical properties that improves resistance over time thanks to the pozzolanic reaction between the free lime of the hydration of the clinker and the active siliceous in the fly ash and slag with the formation of more Calcium Silicate hydrate. This result in a denser concrete with enhanced strength for concrete structures and highly appreciated by concrete blocks producers and prefabricated concrete elements.

High Durable Concrete

Slag and fly ash have inherent chemical properties that produce denser concrete with low permeability. By decreasing bleed channels, capillary channels and void spaces in the concrete, INSEE MAHAWELI MARINE PLUS lowers permeability of the concrete, reducing the potential for corrosion of reinforcing steel, adding further durability to building structures.

Better Finish/ Less Efflorescence

The enhanced workability of INSEE MAHAWELI MARINE PLUS ensures improved, smoother and aesthetically pleasing surface finishing of concrete structures and applications. This in addition to the inherent Sulphate resisting property in both fly ash and slag variants, results in less efflorescence – crystalline salt deposits – forming on the uniform concrete surfaces.

Cost Effective

The high strength developed in concrete produced with INSEE MAHAWELI MARINE PLUS allows for a large reduction of admixture and cement consumption in the mix, reducing raw material costs to a great extent. It also leads to optimized structural design that allow for thinner, lighter and fewer structural elements. The optimized mix designs also result in less shrinkage, curling and heat, lowering life cycle costs through increased service life.

Customer Health and Safety

Aside from the emphasis on quality, INSEE's customer value proposition also includes a firm commitment to develop products that are safe and free of substances that are harmful to human health and wellbeing. We believe that as the Country's leading cement manufacturer, it is our duty to lead by example in setting the standard for product safety.

In our quest to achieve the gold standard in product safety, we comply with all applicable legal and regulatory standards applicable to our industry. Moreover, consistent with our global approach, we adhere to stringent Group-wide standards to incorporate globally accepted safety science best practices and safety design principles at the product development phase and thereafter throughout every stage of the product life cycle, from manufacture, storage, transport, promotion, to sale and use. We strive to reduce the risk of harm by taking proactive steps to anticipate emerging risk. We apply our internal expertise and on occasion even seek out external stakeholder partnerships to add value to our efforts to continuously improve our products and make them safer for use. Our continuous improvement programme is further strengthened by a comprehensive audit framework that aims to ensure that our systems and processes are robust and adaptable to change.

Meanwhile our customer relations and feedback mechanism provide valuable insights regarding the performance of our products from both end users and key influencers. This information is analysed and serves as the basis of further refinements to our products.

Continuous Improvement

Continuous Improvement is a key lever in our Quality Assurance programme. As part of our ongoing product safety improvement programme, in 2019 we undertook a major study. The study was conducted in partnership with the National Water Supply and Drainage Board, mainly to inspect the water quality in reservoirs that were constructed using INSEE's Blended Cement range that contains fly ash.

Further expanding our continuous improvement programme in 2019, we took important steps to recalibrate our finished goods storage methodology in order to optimize the shelf life of our end products. Continuous improvement promulgated by the ISO 9001 standards is also a vital component to improve the performance of the organisation and its practices. Each year we undertake ongoing improvements to our quality processes based on the management reviews conducted to review the performance, effectiveness and trends related to the respective management functions. As a result of the 2019 review process, few improvement actions were taken to qualitatively and quantitatively further increase the performance of the company.

The quality mindset is also another crucial component of our efforts to pursue continuous improvement. For this purpose, a Quality Circle has been established to provide oversight for all quality aspects at Plant-level. The Quality Circle meets monthly to review quality

performance as well as to identify and rectify gaps. The Quality Circle is also responsible for the provision of continuous and ongoing training to raise awareness and strengthen the quality culture among employees.

Logistics and Warehousing

The INSEE promise of quality includes high quality service delivery. In striving to offer our customers the best in-class service, we focus on efficient logistics to facilitate on-time delivery and availability. Our warehouses are strategically located, enabling us to optimize the synergies between individual plants and warehouses. A detailed logistics planning framework, including a state-of-the-art transport management system is in place to monitor logistics KPI's and make ongoing improvements to our logistics structures.

Marketing and Labelling

In the marketing of our products, we make sure that all promotional material contains timely and relevant information that is clearly displayed so as to prevent the creation of ambiguity or doubt in the minds of the customer. As part of this same commitment, we ensure that all products manufactured and distributed by INSEE are properly labeled according to all applicable laws and regulations.

In this regard we are governed by the SLSI (Sri Lanka Standards Institute) and other local labelling

requirements applicable in local regulations which stipulates that adequate information should be provided to describe the product attributes, operating instructions and any other information to avoid accidental misleading or incomplete identification. All information related to the products and solutions are communicated to the customers in all three languages, English, Sinhala and Tamil. Especially the communication campaigns are also conducted based on the regional or location-wise language preferences. During the reporting year, there were no incidents of regulatory fines imposed nor value of fines imposed for non-compliance with incidents concerning product and service information labelling.

Customer Relationship Management

With our business and competitive environment becoming increasingly more complex, the importance of strong customer relationships has never been more apparent. At INSEE, our policy is to establish strong ties with our customers based on trust. Customer interactions have supported us to improve and establish a more precise customer complaint handling process where there are responsible persons assigned to follow up and close every case against Service Level agreements (SLAs).

Customer Engagement

We believe effective and regular engagement with our customers is crucial to building trust. We reach out to our end consumers mainly through promotional materials and other publicity campaigns to raise awareness regarding our products and services.

During the reporting year, there were no incidents of non-compliance with regulations and/ or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship.

Meanwhile, a series of targeted engagement mechanisms are in place to connect with our key influencers - engineers, technical officers, masons and contractors. A majority of these influencer programmes often take the form of skill development and capacity building initiatives conducted in partnership with government approved training institutes.

Measuring Customer Satisfaction

In Dec 2019, we conducted a comprehensive customer satisfaction survey covering end consumers, all influencer groups as well as CPM customers, industrial customer, distributors and dealers. The sample size was based on all those who had interactions within Company in the preceding six month period. The key measure was the Net Promoter Score (NPS) to determine the likelihood of a customer recommendation

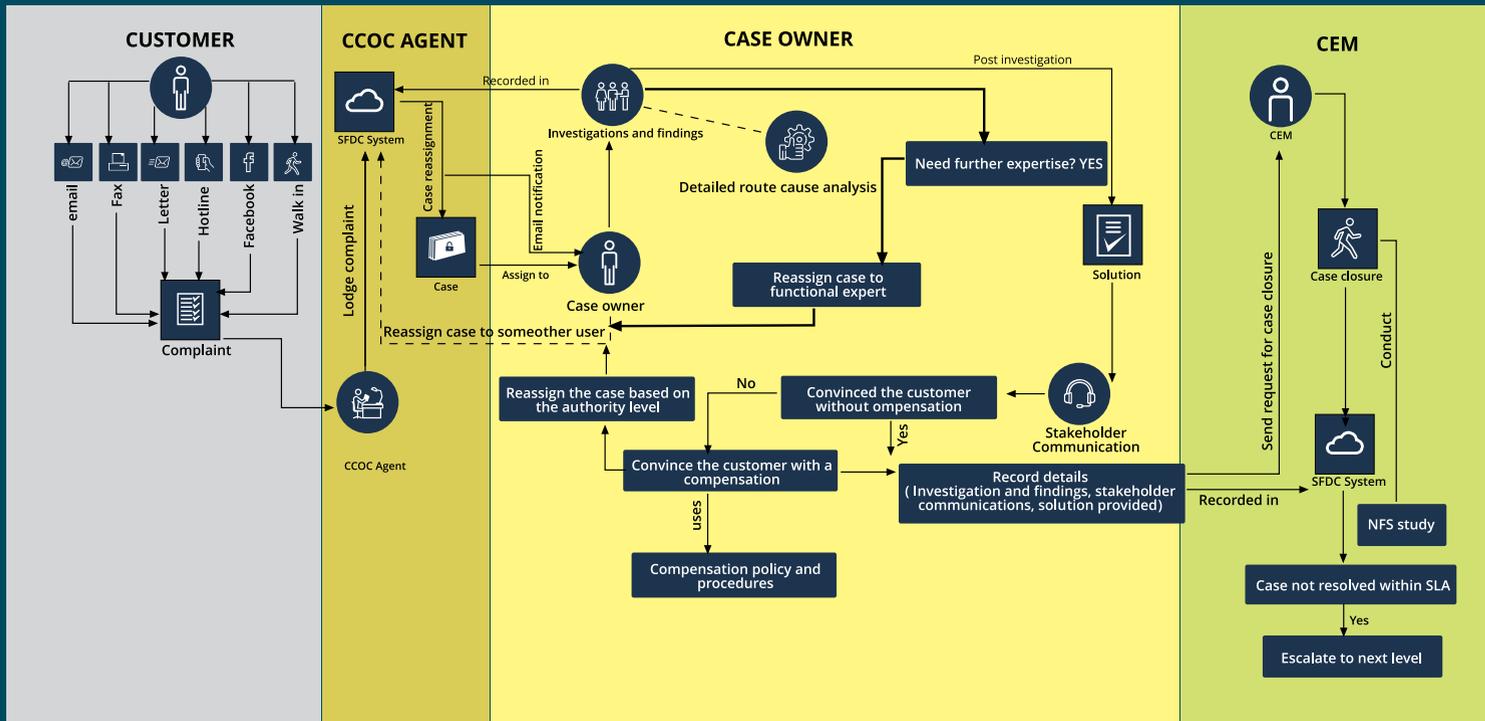
Influencer Group	Programme scope and participation	In 2019
Engineers	Continuous Professional Development (CPD) Programme conducted by the Institution of Engineers, Sri Lanka (IESL) for 200 engineers from the Central, Sabaragamuwa and Southern provinces.	Knowledge sharing session for approximately 250 engineers from the National Water Supply and Drainage Board (NWSDB) and Central Engineering Consultancy Bureau (CECB)
Technical Officers	Up-skilling Programme made possible by MOU's with Provincial Chief Secretaries. A total of 1,200 technical officers from across the Country participated.	
Masons	National Vocational Qualification Level 3 certified Skill development programme made possible by an agreement with the Ministry of Skill Development Tertiary Education and YouLead. A total of 5,300 masons participated for the awareness sessions.	Apprenticeship Programme made possible by an MoU with the Deutsche Gesellschaft fur Internationale Zusammenarbeit (GIZ) GmbH
Contractors	A special knowledge sharing programme made possible by an MoU with Construction Industry Development Authority (CIDA), the National Contractors Association and INSEE. A total of 1,900 contractors from across the Country participated. Contractors receive 10 points each for participating in the Continuous Competency Development programme.	

Complaint Management

While we take utmost care to ensure that we provide our services efficiently, courteously and to a high standard, we understand that complaints may occur. Our customers have the opportunity to lodge a complaint via email, fax through the hotline or by contacting our sales representatives. All complaints are investigated, resolved, and used as a means to improve our standards of service. In 2019 we addressed complaints regarding bag breakages, handling process etc. and took necessary action to rectify the issues promptly and proactively.

We also conduct follow up surveys to determine the customers' satisfaction regarding the complaint handling process.

Case Management Process

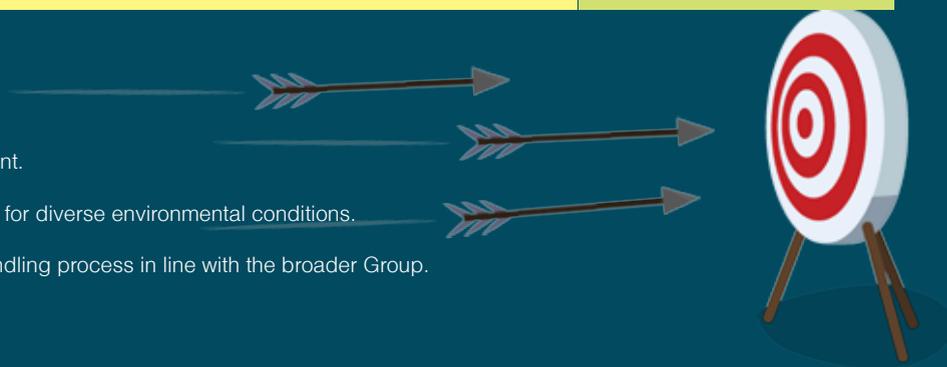


Future Goals and Targets

Prioritize the development of products with low carbon footprint.

Enhance the product portfolio through the launch of products for diverse environmental conditions.

Invest in a new CRM system to standardize the complaint handling process in line with the broader Group.



CREATING SHARED VALUE

Redefining Sri Lanka's Construction Benchmarks with INSEE Cement

As Sri Lanka steadily elevates itself as one of South Asia's strategically located, globally scaled trade hubs, the island's port cities have rapidly escalated its pace of infrastructure and structural development. The country's commercial capital Colombo is entering a new era in civil engineering, with a multitude of ongoing developments defying conventional construction limitations to reshape the nation's skyline.

Powering this transformation is Sri Lanka's largest and leading cement manufacturer, INSEE Cement, evolving alongside the local construction landscape by meeting the demand for high performing, application-based solutions. INSEE Cement is navigating Sri Lanka's building materials industry towards next generation products and innovative solutions, drawing from their regional industry dominance in South East Asia.

This is why some of the most significant large-scale infrastructure projects and construction across Sri Lanka today bear the INSEE Cement name, from new cities to seaports, airports, highways and urban infrastructure networks. Among these is the tallest construction in Sri Lanka and tallest self-supported structure in South Asia – the Colombo Lotus Tower.

The Colombo Lotus Tower

Standing 356 m tall, the Lotus Tower is the 19th tallest tower in the world. Inspired by the lotus flower, the tower symbolizes Sri Lanka's flourishing development anchored to Sri Lanka's cultural heritage. The tower base consists of six floors and houses a museum

and a shopping complex with a rooftop terrace. The tower stem rises from the base to the height of 215 m to support the bud-shaped tower-house consisting of nine levels including banquet halls, an observation deck and a revolving restaurant.

INSEE EXTRA

The Lotus Tower is the latest in an impressive portfolio of iconic landmarks fortified by INSEE EXTRA. Sri Lanka's first and only cement brand to be certified for Sulphate Resistance under the SLS 1247:2015 standard, and the only cement to be certified for both 'Low Heat' and 'Sulphate Resistance' under the British Standard (BSEN 197-1).

Mass Pouring

The Lotus Tower set the record for the largest single pour raft concrete construction in Sri Lanka, with INSEE Cement producing 4,000 cubic meters of concrete for the foundation of the tower. A superior blended cement manufactured using the highest quality silica rich Class F fly ash, INSEE EXTRA is certified as a low heat cement product and greatly reduces heat build-up when hardening, making it ideal for mass pouring concrete requirements and thick concrete constructions.

Other Advantageous Properties

INSEE EXTRA has a lower water requirement than other cements to produce the same consistency due to the use of finely ground fly ash particles in the cement, greatly improving workability and pumpability of the concrete. Additionally, INSEE EXTRA is produced with less CO₂ emissions per bag in keeping with INSEE Cement's mandate of minimising the construction industry's environmental impact.



STRENGTHENING PARTNERSHIPS-SUPPLY CHAIN MANAGEMENT

Management Approach

Suppliers are an indispensable part of our value chain for they play a vital role in supporting INSEE's value creation process. The goods and services procured from our suppliers contribute to fulfill our promise to customers, shareholders as well as the wider community. Moreover, we understand that the continuity and scalability of our business depends on the stability and reliability of our supply chain.

Our approach to supply chain management is based on building sustainable, mutually beneficial

relationships with Strategic Suppliers and key service providers. For this purpose, a Procurement Policy is in place and provides clear guidelines regarding the management of supplier relationships and conducting of procurement activities.

To support our efforts and cultivate good business relationships with organisations that share the same high standard of ethics and values on which INSEE's reputation is built, our Procurement Policy dictates that we work only with registered suppliers within

our database. However, on occasion proposals are requested from unregistered suppliers as per the need. We maintain a supplier registry which is updated on an ongoing basis, as part of our new supplier on-boarding process.

Supplier Relationship Status

< 2 years	30.8%
2 - 5 years	23.4%
> 5 years	45.8%

Supplier Profiles

INSEE has built up a diverse supply chain comprising several large overseas suppliers as well over 865 local suppliers. Currently, we work with large global suppliers mainly for the procurement of raw materials such as clinker, gypsum, slag and coal; machineries; ware and spare parts. Having worked with these suppliers for many years, we continue to experience significant benefits in terms of standardization, reliability, quality control and the pricing advantages.

At the same time, we also seek out locally based suppliers to meet our local raw materials requirements such as Calcite, Dolomite, Laterite, Fly ash, etc., and service solutions requirements such as transport,

logistics, infrastructure, energy, packaging material, maintenance services and more.

In 2019 our total spend on local suppliers amounted to 56% of the total procurement budget; while our total procurement spend was LKR 26,846 million, nearly 86% of INSEE's Total Annual Revenue for the year.

LKR 11,779 million was spent in 2019 with 205 foreign suppliers

LKR 14,697 million was spent in 2019 with 863 local suppliers

Material sourced from 11 countries

Total Procurement Spend Versus Revenue
Year 2018: 83%
Year 2019: 86%

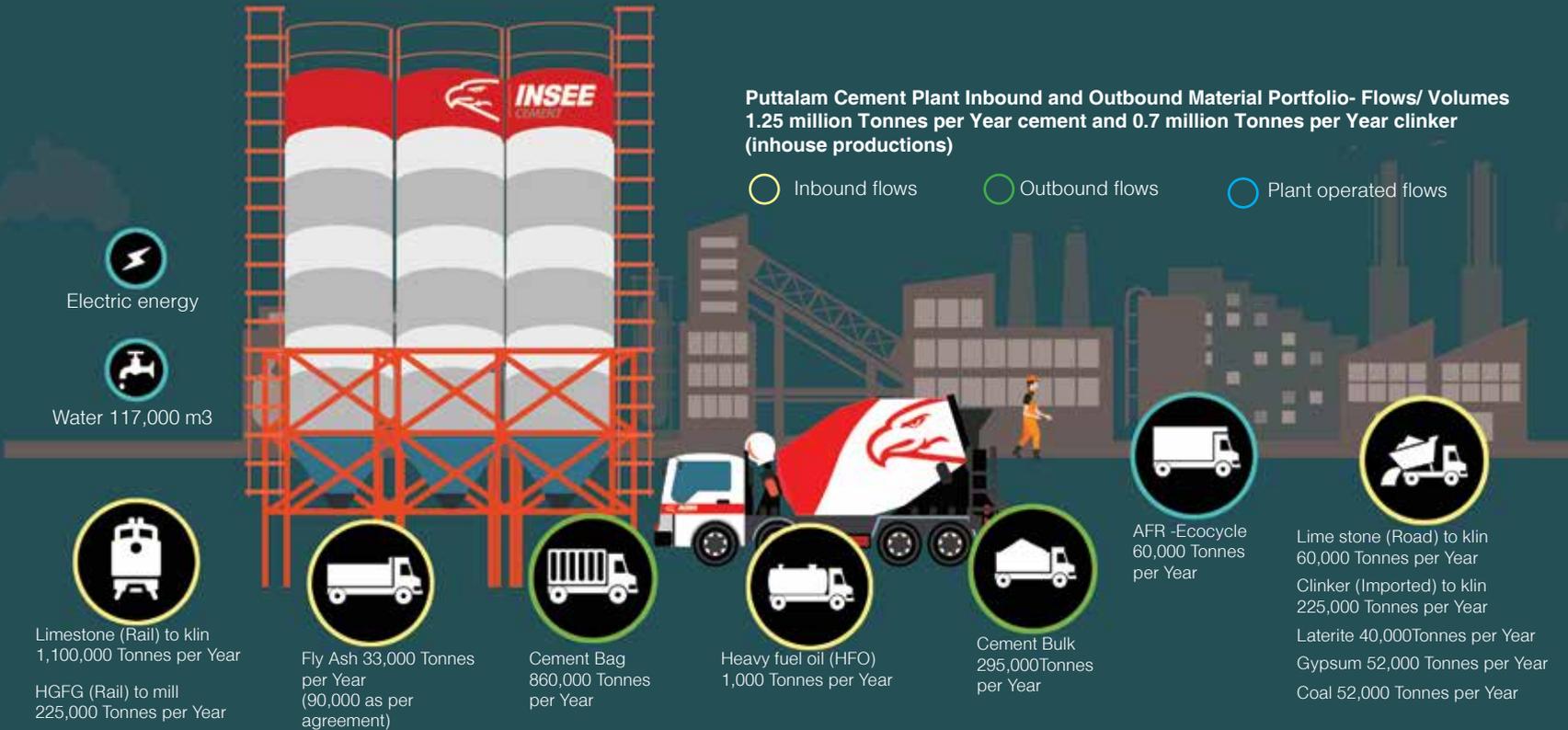
Total Procurement Spend
LKR 26.8 Bn

Supplier Contract Employment Opportunities

Direct Employment to around
2,000 nos. of workers

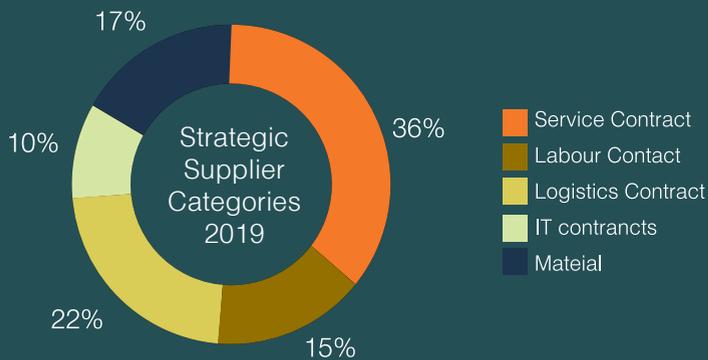
Indirect Employment to around
5,000 nos. of workers

Inbound and Outbound Material Portfolio



Local Sourcing

Strategic Supplier Categories 2019

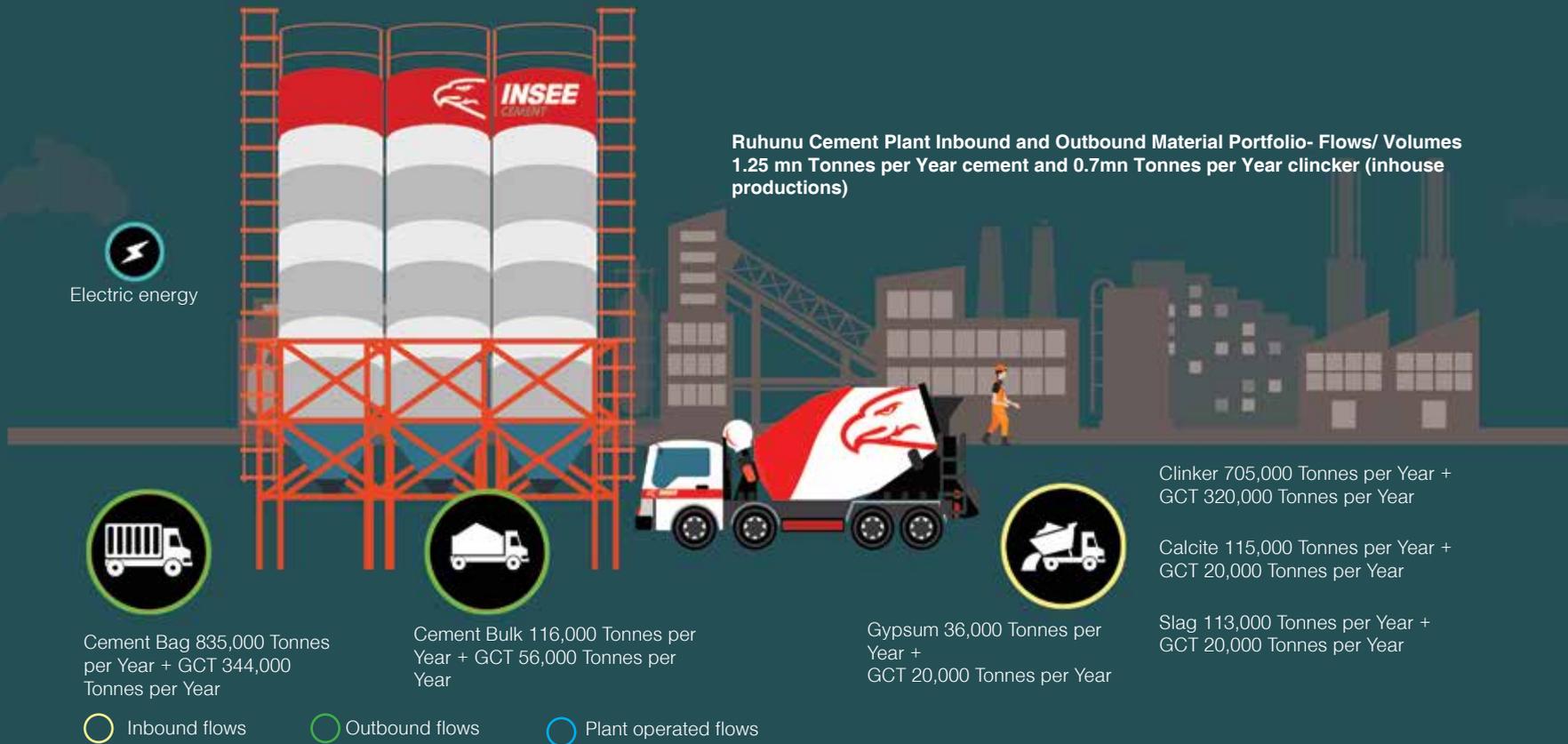


In parallel to the rapid expansion of our business in recent years, we have greatly increased the weightage given to local sourcing. We now classify several of our local vendors as Strategic Suppliers and maintain long-term business relationship based on the following criteria;

- Purchase value exceeding LKR 5 million,
- Recurrent purchases of goods and services over a period of twelve months,
- Any service resulting in complex technical or safety requirement upon confirmation by respective Project Manager/OHS Manager,
- Service contracts involving labour, if the duration is more than six months or fulfills the requirement of Contractor Safety Management Directive (CSMD) criteria,
- Any agreement involving lands, property, vehicles, plants and machinery.

All such Strategic Suppliers are contracted for minimum of 2 years and are required to sign a formal contract indicating their agreement to comply with the terms set out under the INSEE Supplier Code of Conduct.

Inbound and Outbound Material Portfolio



Supplier Selection

Supplier Selection serves as a valuable tool in identifying suppliers who share the same values and principles as INSEE, and who are able to meet or exceed our performance expectation. The first step of our selection process is the prequalification stage to identify suppliers who are the best fit for a long-term business relationship. At the prequalification phase we evaluate the suppliers' financial stability,

technical capability or expertise, OHS and regulatory compliance, service level standards and total quality, of which the emphasis on product quality receives the highest weightage.

Due diligence activities to verify supplier credentials, are carried out by the INSEE Procurement Unit, with new suppliers being included to the registry subject to

the final approval of the Procurement Manager.

In 2019, in addition to our routine supply registry updating process, we also undertook a vendor cleaning exercise to eliminate the duplication of records within our database.

Social and Environmental Assessment

Having understood its importance in 2015, we further expanded our selection criteria to include social and environmental aspects as part of a focused effort to encourage our suppliers to align with INSEE's sustainability commitments. Accordingly, we now require all new suppliers to provide a social and environmental self-assessment declaration as part of the standard disclosure requirements at the time of on-boarding.

Social and environmental considerations have also been incorporated into our Standard Supplier Contract template to ensure our strategic suppliers adopt environmental, health, safety, employment and anti-corruption principles and comply with relevant standards and legislation within their own business.

Due Diligence

Our Procurement Unit maintains a separate framework of due diligence procedures, including quarterly site visits and regular performance audits, to follow up on contracted suppliers and ensure they comply with the contractual obligations stipulated under the INSEE's Supplier Code of Conduct. Based on the findings of our routine due diligence activities for 2019, more than 40% of our Strategic suppliers were assigned a low-risk rating under 1 and 2 categories, indicative of the effectiveness of our supplier selection procedure and due diligence protocols.

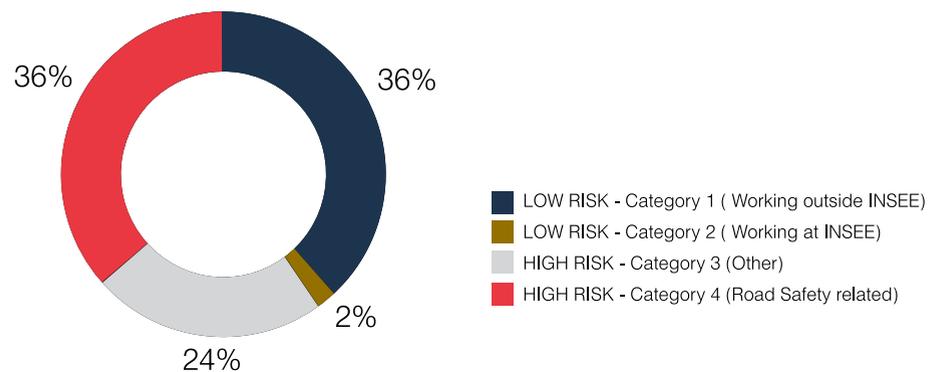
In addition to the planned due diligence activities for the year, a special supplier audit was carried out based on the Contractor Safety Management Directive (CSMD) criteria for 60% of INSEE's Strategic suppliers who are identified as high-risk profiles under categories 3 and 4. Further, a Compliance Audit was also carried out for 8% of INSEE's Strategic suppliers who are classified under high-risk category and who are from across Galle, Puttalam and Colombo. Covering a broader scope, the Compliance Audit focused on Statutory and Regulatory compliance matters such as EPF/ ETF payments and service, insurance and medical test requirements of their workers, credit terms including VAT payments and gratuity provisions, quality, after sales service; social aspects such as occupational safety, child labour, anti-corruption, human rights as well as key environmental concerns. While the audit revealed some minor safety-related issues among a few suppliers, there were no contracts that were terminated or not renewed due to violations related to corruption, human rights or other social or environmental aspects.

Confirmed Incidents of Corruption and action taken	Nos.
Total number of confirmed incidents of corruption	0
Direct Monetary value of the incident	0
Number of incidents for which employees were terminated/disciplined	0
Number of incidents for which business partner's contracts were terminated / not renewed	0
Number of legal cases brought against the company or its employees regarding corruption	0

Child Labour in Operations & Suppliers	Nos.
Workers below the age of 18	0
Workers below the age of 16	0
Workers between 16-18 who are in areas of hazardous work	0
Incidences of Suppliers using workers under the age of 16	0

Forced Labour in Operations & Suppliers	Nos.
Instances where employees have worked over 24 hours	0
Instances where supplier employees have worked over 24 hours	0

Strategic Supplier-Risk Profile 2019



Supplier Development

Our commitment to supplier development stems from the desire to cultivate strong collaborative partnerships that would safeguard INSEE's supply chain over time. Led by a planned engagement schedule, we seek to maintain regular and ongoing interactions with our suppliers. Our procurement

team along with the relevant plant operations teams conduct face-to-face meetings with individual suppliers on a monthly basis, to review their performance and address any violations. These interactions also serve as a forum to guide our suppliers to enable them to continuously improve their

own sustainability performance and also undertake the responsibility for promoting best practices across their respective downstream suppliers. In 2019, we met with almost 60% of our strategic supplier base through these planned monthly meetings.

Future Goals and Targets



- Strengthen the supplier recognition framework through the launch of a structured supplier appreciation programme.
- Digital platforms for linking the Company and its suppliers to streamline operations and enhance value creation capacity.
- Increase the spend on local suppliers by developing their capabilities and competencies.

Supplier Assessments	Nos.
Total New Suppliers introduced during the year 2019	104
New Suppliers that were assessed for Environmental Practices	6
New Suppliers that were assessed for Social Practices	0
Total Significant Suppliers	24
Significant Suppliers that were audited for Environmental Practices	0
Significant Suppliers that were audited for Social Practices	0

CREATING SHARED VALUE

"I started my transport business in 2002. Until 2010 I was mainly involved in passenger transport activities, but in 2010 I was selected to handle the waste transportation for INSEE's Ecocycle business and from then on, I was able to gradually expand my business. When I first started my relationship with INSEE (formerly Holcim- Geocycle), I had a fleet of about only 10 vehicles. Over the past decade I have been able to expand my fleet and today have a fleet of almost 80 transport vehicles. Now I supply transport services not only for the Ecocycle business but have also been appointed as a transporter in the cement operation.

Apart from this, I have learnt a great deal from INSEE especially in the field of road safety. My drivers too have greatly benefited from the continuous road safety training provided by INSEE. They have been able to improve not only their driving skills but also learn to follow road rules, speed control and maintain proper driving etiquette. As a result, I have seen a drastic drop in the number of accidents recorded by my drivers, especially in the past five years. On average JMS Transport- drivers together clock around 500,000 km's per month and I have even found some months where there are zero accidents.

I look forward to working together with INSEE to develop my business in the future as well."

Janaka Pushpakumara

Managing Director, JMS Transport and Motor Services



COMMITMENT TO THE COMMUNITY

Management Approach

INSEE's two-fold approach to community investment resonates our commitment to create meaningful lasting change for all socially and economically disadvantaged communities across Sri Lanka. To demonstrate our commitment to the Community we undertake Social Responsibility projects and initiatives that focus on Livelihood Development, Education, Clean Water & Sanitation and Environmental Conservation – the four Community Focus areas that INSEE can make an effective contribution towards improving the quality of life for our communities.

On one hand, we undertake a range of initiatives each year to address immediate needs of grass root level communities in and around our operating sites in Galle and Puttalam and our quarry in Aruwakkalu. On the other hand, INSEE's approach to community investment goes beyond this localized approach and reflects our desire to play a bigger role in uplifting the socioeconomic status of the nation. And being part of a wider group, INSEE is in a unique position to do this by sharing our knowledge and resources for the purpose of adding value for society as a whole. This concept of "Shared Value" has been the fundamental

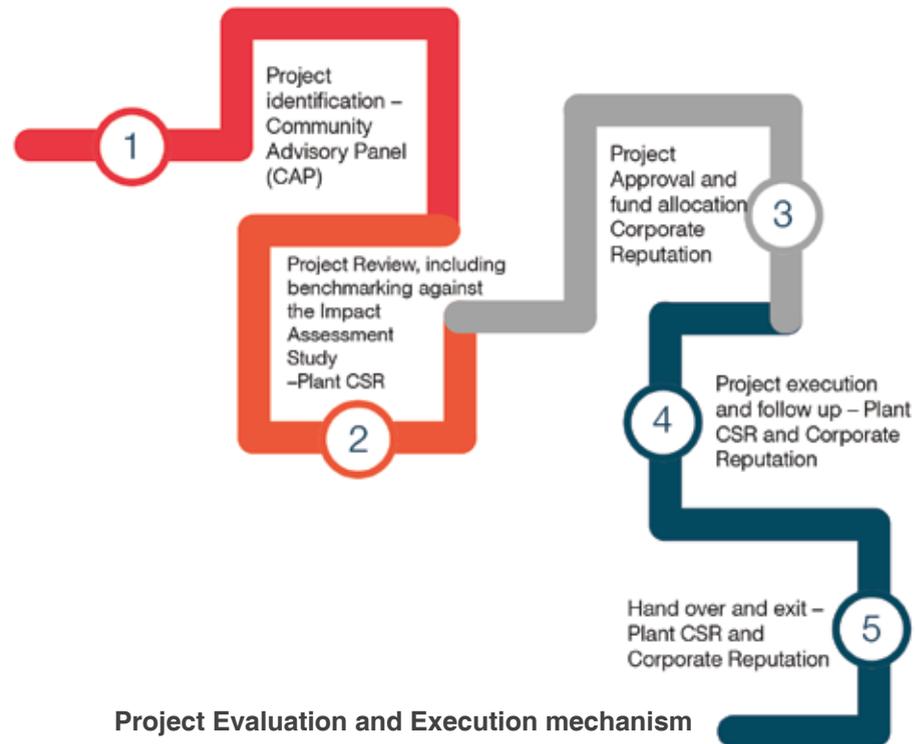
principle underpinning our efforts to develop structured Corporate-level social responsibility interventions to support Sri Lanka's journey towards a more sustainable future.

All CSR projects are funded through a centralised CSR fund maintained under the purview of the Company Reputation unit driven by the Company's Chief Executive Officer. The Company Reputation unit is the main body responsible for overseeing and managing all CSR projects including the Cement Plant CSR initiatives.

Community Engagement

Regular and ongoing interaction with community stakeholders is central to our localized community endeavours. To understand the needs of the local communities around our operational sites, we have appointed a Community Advisory Panel (CAP) at each plant. The CAP comprises the Plant Manager, the Plant Environment Manager, a representative from the Corporate Reputation team along with several external stakeholders from the local community including the District Secretariat authorities, Grama Niladari's and community leaders. The monthly CAP meetings act as a forum for community stakeholders to propose projects that serve the interest of the community. Proposed projects are escalated to the Plant CSR team for a formal review. As part of their review process, all proposed projects are benchmarked against the Impact Assessment Study and assigned an impact score to show the degree of impact in serving the needs of the community. Only projects identified as "high impact" approved by the Plant CSR are considered by the Company Reputation unit for implementation.

The Plant CSR team and Company Reputation unit together provide oversight to ensure all approved projects are successfully executed in order to achieve the stated project objectives.



Project Evaluation and Execution mechanism

Community Grievance Handling

Handling Community Grievances comes under the purview of the CAP. Monthly CAP meetings provide an opportunity for community stakeholders to raise grievances. As a policy all grievances initiated through CAP meetings are discussed at the meeting itself with INSEE representatives making a concerted effort to provide an immediate solution. However, should this not be possible or practical, the grievance is escalated to INSEE's Plant CSR team for further investigation and necessary response. All grievances along with the lessons learned are documented and used as the basis for implementing corrective action and to prevent a recurrence in the future.

Steps in the Community Grievance Procedure



Community Initiatives for 2019

“Rebuilding the nation” was the underlying theme for all CAP-driven projects for 2019.

Assistance to rebuild in the flood-ravaged North

INSEE together with the Divisional Secretariats of Puthukkudiyiruppu, Oddusuddan and the Kilinochchi District Secretariat, supported rebuilding and renovation efforts for flood-affected families in the Northern Province in January 2019. INSEE Sanstha Cement was distributed to over 250 worst-hit families across the region. Honouring our commitment to rebuild the nation, all of the 250 families whose homes were destroyed by flash flooding, were given 10 bags of INSEE Sanstha cement each.

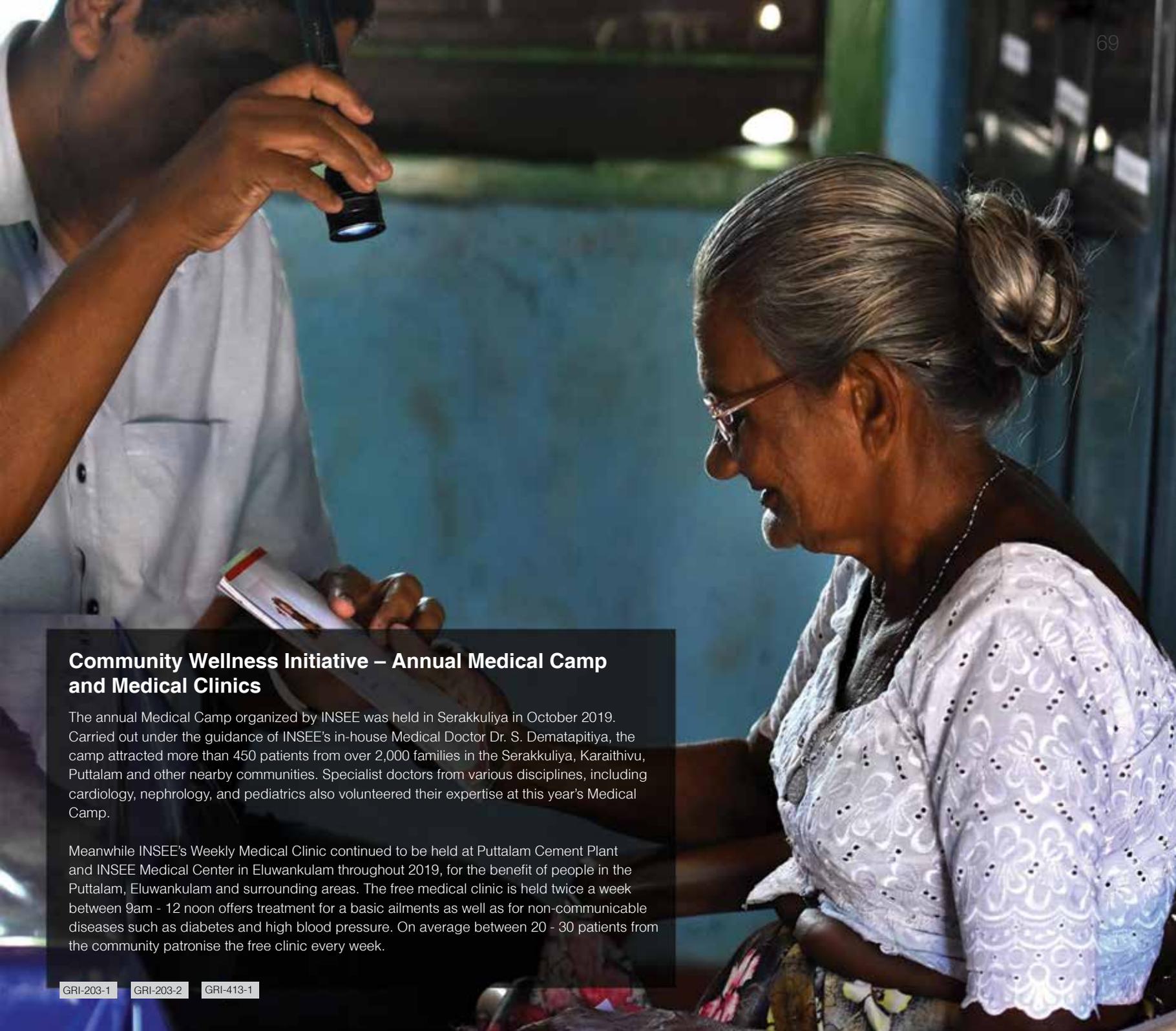
Rebuilding the “Ral Maduwa” dam to assist farming communities

INSEE supported the reconstruction of the “Ral Maduwa” dam in Wanathavilluwa which was severely damaged in 2018 due to a sudden erosion of the embankment surrounding the tank. The disaster destroyed nearly 50 hectares of cultivated land leaving farmers without a source of income for months, and directly impacting over 48 families and indirectly affecting another 328 families in the area. Reconstruction work on the Dam was completed in April, enabling farmers to cultivate their land in time for the first cropping season in May / June 2019.

Student Educational Support

As a keen proponent of children’s education, INSEE has pledged its long-standing support to children in the Puttalam area to assist them in meeting their educational needs from Grade 5 upwards. The Student Education Support project is an ongoing initiative for the past 31 years through which INSEE has been offering direct support in various different ways; supporting schools in the Puttalam area by sponsoring subject teachers for several core subjects (Maths, Science and English language), conducting GCE / Ordinary Level Examination assistance workshops and seminars.

The INSEE School van service is yet another initiative under the Student Educational Support project. The INSEE school van service which has been operational for the past eleven years, is for the benefit of children living in the Gangewadiya village to enable them travel to the Eluwankulam Sinhala Vidyalaya in Puttalam.



Community Wellness Initiative – Annual Medical Camp and Medical Clinics

The annual Medical Camp organized by INSEE was held in Serakkuliya in October 2019. Carried out under the guidance of INSEE's in-house Medical Doctor Dr. S. Dematapitiya, the camp attracted more than 450 patients from over 2,000 families in the Serakkuliya, Karaithivu, Puttalam and other nearby communities. Specialist doctors from various disciplines, including cardiology, nephrology, and pediatrics also volunteered their expertise at this year's Medical Camp.

Meanwhile INSEE's Weekly Medical Clinic continued to be held at Puttalam Cement Plant and INSEE Medical Center in Eluwankulam throughout 2019, for the benefit of people in the Puttalam, Eluwankulam and surrounding areas. The free medical clinic is held twice a week between 9am - 12 noon offers treatment for a basic ailments as well as for non-communicable diseases such as diabetes and high blood pressure. On average between 20 - 30 patients from the community patronise the free clinic every week.

Providing access to safe and clean drinking water



To commemorate World Children's Day on the October 1st 2019, INSEE commissioned a Reverse Osmosis (RO) water treatment plant at the Pottuvilluwa Vidyalaya in Puttalam, giving more than 300 students of the school access to an uninterrupted supply of clean drinking water. This is the third school in the area which has benefitted from INSEE's clean water project. We have previously supported the Bandaranayakapura School in Wanathavilluwa and Medananda School in Attawilluwa, both in Puttalam. INSEE undertakes to bear the cost of long-term maintenance of these Reverse Osmosis water treatment plants.



Sanstha Cement Preschool

The Sanstha Cement Pre-school in Eluwankulam was established 30 years ago for children of Puttalam

Cement Plant employees and later extended to the children of the community as well. Over the past three decades, INSEE has supported the students of the school through annual cash grants for each child. INSEE's long standing patronage has also made it possible for the pre-school to organize their annual field trip, the annual Christmas event, sports meet and more.

'An Act of Kindness' Construction of a House to a homeless family

In commemoration of Puttalam Cement Plant's 50th anniversary INSEE undertook to build and donate a house to an underprivileged family living in the vicinity of the Plant. The need for a house was identified by the Department of Samurghi Development in Puttalam and was built in partnership with the Department of Samurghi Development and Grama Niladhari divisions.

Corporate-level social responsibility interventions for 2019

Driven by the Company Reputation Unit, all Corporate-level interventions are carefully designed in line with the four focus areas that reflect INSEE's commitment towards the community:

Restoration of churches damaged by Easter Sunday terror attack

As the nation reeled from the catastrophic destruction of lives and churches after the Easter Sunday bombing, INSEE stepped forward to help rebuild and restore all three of the churches that were damaged by the attack - St. Anthony's Shrine in Colombo 13, St Sebastian's Church in Negombo and Zion Church in Batticaloa. INSEE provided the Ready-Mix brand Concrete and INSEE Sanstha Cement needed to reconstruct all three churches.



Increasing nationwide forest cover - "One Child One Tree" Initiative

Launched in 2018, the "One Child - One Tree" initiative is a collaboration between INSEE and the Colombo Plan – a regional organisation that represents a collective intergovernmental effort to strengthen economic and social development of member countries in the Asia-Pacific region. Under the "One Child - One Tree" initiative students between the ages of 5 and 15 are gifted with a fruit plant to celebrate their birthday with the expectation that the child will take responsibility for caring and nurturing the plant over time. By doing so it is hoped that the child would develop the shared value mindset that will be instrumental in building a sustainable future for generations.

Each child was gifted a fruit plant only once and are supervised on how well they take care of their respective plant. As a key highlight, this year practical workshops were conducted in each of the schools for children in grades 1 to 8 on how to maintain and care for the plants. And by the time the student completes his or her basic education, there is a full-grown tree providing the planet with fresh oxygen. Ultimately, the increase in the number of trees in the world will also benefit the environment and future generations in a meaningful way.

In the first phase of the initiative which was launched in Anuradhapura in mid-2018, we were able to reach out to over 700 school children to create environmental awareness and facilitate the planting of trees to enhance the Country's forest cover. In 2019, we succeeded in greatly enhancing the programme with the support of the Tarana Foundation and ChildFund Sri Lanka, to reach out to a total of 5,816 students at 16 schools in Anuradhapura and another 11 schools in Puttalam. INSEE also partnered with the Puttalam Zonal Education Department, the religious leaders in the area, and school teachers to ensure effective implementation of the "One Child - One Tree" initiative combined with the school curriculum.

Teachers handling environmental education in each of the target schools are required to be directly involved and held responsible in monitoring individual progress. These appointed teachers and student environment ambassadors are referred to as 'Parisara Niyamuwo'. In a way, this initiative aims to strengthen the school's Environment Club in addition to educating the children on how to grow a plant successfully.

For our part we formed a joint task force comprising representatives from the ChildFund Sri Lanka and INSEE to liaise with the school management to measure the overall success of the programme. In yet another notable development, we launched the second phase of the "One Child - One Tree" initiative to digitally track the growth of each plant using a Geographic Information System (GIS). The GIS is a tracking technology was set up with the help of ChildFund Sri Lanka and their local partner – Voice. Among other factors, the success of the GIS requires the interactive support of Puttalam Zonal Education Department, the school children, their parents and the environment teachers in the respective schools.

In this manner, the "One Child - One Tree" initiative also demonstrates how the power of public-private-partnerships can be harnessed for meaningful social benefit.



School children after receiving their 'Anoda' – Annona muricata) plants in Anuradhapura

Bridging the skill gap in the construction sector

National Vocational Qualification (NVQ) certification

Based on a Memorandum of Understanding (MoU) between the INSEE Enterprise based Vocational Education (EVE) training center and the National Apprentice and Industrial Training Authority (NAITA), we give youth in the Puttalam area the opportunity to obtain National Vocational Qualification (NVQ) at Level 3 and Level 4 certifications in several disciplines including English language, Information Technology (IT), pneumatics, hydraulics, lathe/milling and Autocad. The programme, which has been ongoing since 2007, has to date benefited 206 youth in the Puttalam area.

NVQ Level-5 Safety Officer Qualification

INSEE has an active Memorandum of Understanding (MoU) with the National Institute of Occupational Safety & Health (NIOSH) to give youth in the Puttalam area the opportunity to train as an Occupational Health and Safety (OH&S) specialist. NIOSH is part of the Ministry of Labour, Trade Union Relations and Sabaragamuwa Development, which has made it possible for the programme to be certified as a NVQ Level-5 Safety Officer Qualification. The programme, which has been ongoing since 2017 has to date benefited 10 youth in the Puttalam area.

Skill Development Programme for Technical Officers (TOs)

INSEE first partnered with the Central Province Chief Secretariat Office in 2018 to facilitate the training of TO's in Kandy for over a period of seven months under seven training modules - plumbing, electrical work, aluminium work, quantity surveying, surveying and levelling, cement and concrete solutions. The first batch of 175 TO's who successfully completed the programme were awarded their certificates in early 2019. An ongoing initiative that serves as a sustainable investment for the industry, the programme has also been implemented in the Southern and Sabaragamuwa provinces.

Apprenticeship Programme for Masons

The Masonry apprenticeship programme is a joint effort between INSEE and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, acting in execution of the commission charged by the German Ministry of Economic. A specialized practical and employment-oriented training intervention, the 120-day long apprenticeship programme aims to develop the required elementary practical skills among selected candidates who have just entered the industry after completing their secondary education (GCE O/Ls and A/Ls). Candidates are tested and typically selected based on aptitude and attitude. The first programme was held at Vocational Training Authority (VTA) Training Centre in Jaffna, and the 3 sessions that have been conducted in Jaffna to date have benefitted around 75 apprentices. The next training session is planned to be held at VTA (Vocational Training Authority) training centre in Hambantota.

Promoting innovation to raise the standards of the construction industry

INSEE Concrete Challenge

The 6th edition of the INSEE Concrete Challenge was launched in July 2019 under the theme 'Green Concrete for Sustainable Construction with INSEE Extra and INSEE Sanstha', attracting final year Civil Engineering students of the State Engineering Universities of Moratuwa, Peradeniya, Ruhuna, Jaffna, South Eastern, Sri Jayawardanapura and the Open University of Sri Lanka, all compelling for top honours. from several leading state universities. An ongoing initiative by INSEE developed in partnership with the Institute of Engineers Sri Lanka (IESL), the INSEE Concrete Challenge is a unique programme that empowers youth through knowledge dissemination and experiential, innovation- based learning.

Over the past few years, INSEE has taken highly transformational measures to address looming challenges faced by the construction industry such as the rapid depletion and rising cost of raw material, lag in technology adoption and equally importantly – the shortage of skilled labour. Through strategic, long-term investments in knowledge sharing and milestone public-private partnerships to up-skill critical stakeholder groups including Technical Officers and Masons over the past few years, INSEE is contributing towards elevating local construction standards. Furthermore, through the encouragement and recognition of young engineers and innovators supported by competitions of such nature, INSEE is contributing towards nurturing a promising and stable future for the local construction industry.



INSEE Concrete Challenge 2019 Winning team - University of Sri Jayawardanapura

Employee Volunteerism

At INSEE we encourage our employees to get involved in our CSR activities. We believe this not only connects them to INSEE's core purpose as a socially and environmentally responsible organisation, but also gives them a broader perspective of the lingering social issues that plague our nation. At present employees have the opportunity to get involved in the annual INSEE Animal Rescue Programme which facilitates the relocation of fauna species from our Aruwakkalu Quarry site with the expert guidance of International Union of the Conservation of Nature (IUCN) environmentalists. To date more than 300 employees have volunteered in the Animal Rescue Programme since first being open for active voluntary engagement of stakeholders in 2012.



Meanwhile taking some notable steps towards introducing a more formal Employee Volunteer scheme, in 2019 we launched the INSEE Green Club with the objective of empowering employees to participate and drive meaningful environment activities. As part of the same effort, we also rolled out the functional CSR model to inspire plant level teams to undertake small scale community projects. The first team to step up to the challenge was the Puttalam Plant Shift Team who undertook to upgrade the infrastructure at the Piyarathana Dhaham School in the Anamaduwa area, by providing them with new classroom benches, desks and cupboards.

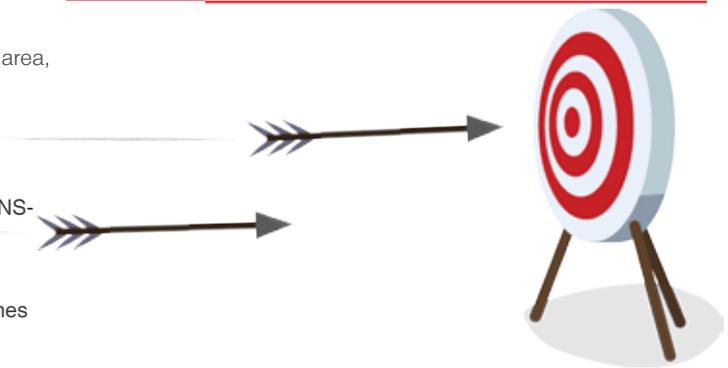
Future Goals and Targets

Collaborate with the Group SD Steering Committee to develop a single unified theme to mirror INSEE's community outreach programmes to group-wide efforts

Carry out a Stakeholder Impact Assessment study in 2021 covering stakeholders of Puttalam, Ruhunu and Galle Cement Plants with the results to be compared with the CAP meeting outcomes to plan the way-forward.

The Stakeholder Participation for Annual Animal Rescue Programme

2019	Employees across Puttalam Cement Plant and Aruwakkalu Quarry sites
	Wildlife Department
2018	Employees across Puttalam Cement Plant and Aruwakkalu Quarry sites
	Wildlife Department
2017	Employees across all Office sites
	Wildlife Department
	External Volunteers
	University participants
2016	Employees across all Office sites
	Wildlife Department
	External Volunteers
	University participants
2015	Employees across all Office sites
	Wildlife Department
2013/ 2014	Employees across all Office sites
	Wildlife Department
2012	Employees across all Office sites



MINIMISE ENVIRONMENTAL FOOTPRINT



COMMITMENT TO THE ENVIRONMENT

Management Approach

Amidst a backdrop where the global cement manufacturing industry is being held increasingly accountable for the growing threat of climate change, we at INSEE recognise the environmental responsibilities associated with all the aspects of our business and have made it our overall mission to minimize the adverse effects on the environment caused by our operations.

Compliance is a key driver of our long-term

commitment towards the clean environment movement. We strictly comply with all legal conditions stipulated under both the Environmental Protection License and the Scheduled Waste Management Licenses granted to each plant by the National Environmental Protection Authority and the Provincial Environmental Authority in the respective areas . Where relevant, we have also secured necessary approvals from the Marine Environment Protection Authority and the Central Environment Authority.

Management teams at the INSEE plant in Puttalam (Puttalam Cement Plant), the two plants in Galle (Galle Cement Plant and Ruhunu Cement Plant) as well as our quarry site in Aruwakkalu continue to work closely with these regulatory stakeholders to ensure that all operations are compliant with the required environmental standards at all times. During the reporting period, INSEE was not subject to any legal action or fines due to non-compliance of environmental regulations

Responding to climate change risks by pursuing opportunities to support the transition to a low carbon economy.

INSEE is well aware of the physical and financial risks associated with climate related impacts and the potential impact to our business from the global transition to lower carbon energy sources. We believe such a transition can impact our business through the pricing of energy, the availability of raw materials such as clinker, gypsum and fly ash, and construction industry standards as well as customer preferences for lower carbon solutions, which present both risks and opportunities.

A formal organisation-wide risk management process drives our efforts to develop appropriate strategies to identify, manage and respond to climate-related risks and opportunities across our business and thereby systematically support the transition to a low carbon economy over time.

To further demonstrate its commitment to the highest level of environmental management, all INSEE plants have been ISO 14001 certified since 2015. INSEE complies with the protocols of the BASEL convention on the Control of Transboundary movements of Hazardous Wastes and Disposal where its applicable, and INSEE's internal systems have been developed cognizant to the guidelines set out under these standards.

Environmental Compliance Framework	Puttalam Cement Plant	Aruwakkalu Quarry	Ruhunu Cement Plant	Galle Cement Plant
Environmental Protection Licence (Mandatory)	☑	☑	☑	☑
Environmental Management System ISO 14001:2015 (Voluntary)	☑	☑	☑	☑
Energy Management System ISO 50001:2018 (Voluntary)	☑	☑		

Our overall approach is encapsulated in a comprehensive environmental policy which provides the foundation for the integration of key environmental considerations into decisions making at all levels of the organisation. Stemming from this, we have developed strict environmental targets for all our plants. These targets are further cascaded down to individual line managers by way of KPI's linked to their performance. A dedicated Environment Manager has been appointed to provide oversight to ensure accurate day-to-day implementation at an operational level and as such is also held accountable for overall environmental performance of the respective cement plants.

The environmental manager is required to meet monthly with the plant management team to review performance against established targets. Meanwhile to ensure environmental issues are addressed more meaningfully at plant level, the newly formed Group Sustainability Steering Committee was tasked with providing oversight to guide plant level environmental teams and help them streamline their CO₂ emissions, Biodiversity conservation and water conservation initiatives in order to contribute to the overall Group corporate targets.

Materials

As a cement manufacturer, INSEE uses a large number of raw materials in its production processes. These materials are extracted from both renewable and non-renewable sources.

To reduce our dependence on non-renewable materials, we have in the recent past begun exploring the possibility of using recycled materials in our production process, which has led to the development of Fly Ash, a residue generated by coal-fired kiln. Fly ash can be used as a substitute to clinker; and has multiple benefits: it enhances the strength, impermeability and durability of the cement mixture.

More importantly however as a recycled product, it helps to cut carbon emissions associated with the manufacture of clinker, which is an essential ingredient in the production of traditional Ordinary Portland Cement. Fly Ash is used in the manufacture of approximately 10% of our superior blended cement range.

Materials Used	Year 2019
Limestone (%)	8.03%
Shale (%)	0
Additives (%)	20.9%
Significant Materials Used by Weight or Volume	
Finished Good Materials	
Imported or Purchased Bulk Cement (ready-for-packaging product) in MT	110,849
Packaging Material in Kg	258,559
Office Paper usage in Reams	1,698
Semi-Finished Good Materials	
Imported/Purchased Clinker in MT	666,585
Produced Clinker in MT	959,222
Semi-Finished Good Materials: Alternative Material to Clinker (Clinker replacement)	
Finished Grinding Limestone (MT)	78,815
Calcite (MT)	90,729
Dolomite (MT)	13,283
Slag (MT)	58,034
Fly Ash (MT)	72,678
Total quantity of materials purchased/used as an alternate to Clinker in MT	313,539
% of Alternate Material used instead of Clinker	16.2%
Non-Renewable / Non-Rapidly Renewable Raw Materials used in Production Process	
Limestone (MT)	1,148,788
Laterite (MT)	35,576
Dolomite (MT) (doesn't include quantity used as clinker replacement)	7,799
Gypsum (MT)	80,740
Aggregates (MT)	37,971
Sand / Manufactured Sand (MT)	28,436
Lubricants (L) (Only included quantity used for lubrication, not included lubricants used for combustion)	8,842
By Products of Other industries	
Waste material sent by Ecocycle for Incineration + Alternative Raw Material to Puttalam (in MT)	61,411

Composition of Materials

Clinker Production = Limestone + Laterite + Heat > Clinker (C3S+C2S+C3A+C4AF+ Minor elements as Alkali, MgO, CaO, Sulphur, Chloride).

Clinker + Gypsum + Limestone + Calcite + Fly ash + Slag are used to produce cement of different types and compositions are as follows:

Name of the product	Composition	Reaction+ Water
Ordinary Portland Cement	Clinker + Gypsum + Limestone or Calcite	Calcium silicate hydrate + Calcium Hydroxide + ettringite + Monosulfoaluminate
Limestone Cement	Clinker + Gypsum + Limestone or Calcite	Calcium silicate hydrate + Calcium Hydroxide + ettringite + Monosulfoaluminate
Fly ash Hydraulic blended cement	Clinker + Gypsum + Fly ash	Calcium silicate hydrate + Calcium Hydroxide + ettringite + Monosulfoaluminate
Slag hydraulic blended cement	Clinker + Gypsum+ Slag + Calcite	Calcium silicate hydrate + Calcium Hydroxide + ettringite + Monosulfoaluminate
Fly ash Hydraulic blended cement	Clinker + Gypsum + Fly ash	Calcium silicate hydrate + Calcium Hydroxide + ettringite + Monosulfoaluminate

INSEE Cement products are regularly tested for any identified hazardous materials or reactions. Furthermore, since our products are used entirely for concrete products and masonry needs, which means after the end of life they are 100% recyclable as aggregates, filling material, sub-base etc., thus leaving causing no negative impact to the environment after its end of life.

Energy Management

The manufacture of cement is an energy intensive process that utilizes a substantial volume of energy for the crushing operation, raw material grinding, kiln and the cement grinding operations. Electricity and Coal are the primary energy sources in INSEE's operations. Coal is used to fire the Puttalam Cement plant kiln where Clinker is produced, while Electricity is used to power the grinding and mixing systems at all three of our cement Plants.

Given our high dependence on these non-renewable energy sources, we have over the years made concerted effort to improve energy efficiency across all our plants. Strict energy management protocols have been implemented at all our plants in conformity with global best practices outlined by the ISO 50001:2018 Energy Management System Standards. To further reinforce the energy-conscious culture across the organisation, we have in place a comprehensive Energy Monitoring System (EMS) to track electricity consumption against allocated targets. The EMS installed at Galle Cement Plant and Ruhunu Cement Plant tracks end-to-end electricity consumption, while the EMS at Puttalam Cement Plant operates on a dual tracking mode; firstly to monitor electrical energy consumption up until the kiln operation and secondly to enable end-point monitoring of total energy consumed. Any and all deviations are swiftly investigated through a root cause analysis.

Strict monitoring of this nature also provides precise information to help us plan out strategies for energy optimisation at key points across the production cycle. For example based on these findings, we have been able to make significant progress in minimising energy loss during the bi-annual Kiln shut down process at Puttalam Cement Plant. Our goal in all this is to lower the embodied energy attributed to each individual product. What we consider to be embodied energy is the sum of Production, Grinding and Packing energy including thermal and fuel Energy, electrical energy, raw material transport energy and transport energy.

Cement type	Embodied Energy MJ/Ton
Extra	2,144
Sanstha – Puttalam Cement Plant	2,165
Rapid Flow Plus – Puttalam Cement Plant	2,677
Mahaweli Marine Plus – Puttalam Cement Plant	2,681
Mahaweli Marine Plus – Ruhunu Cement Plant	3,020
Sanstha – Ruhunu Cement Plant	3,041
Rapid Flow Plus – Ruhunu Cement Plant	3,201
Rapid Flow – Puttalam Cement Plant	3,517
Rapid Flow – Ruhunu Cement Plant	3,520

Total Electricity Energy Consumption by INSEE

Purchased from external sources

Electricity from CEB: Units Consumed (kWh)
122,656,334

Electricity from LECO: Units Consumed (kWh)
5,380,768

Total Units Purchased (kWh)
128,037,102

Total Energy Consumed by INSEE
128,041,940

INSEE Head Office - Colombo (kWh)
469,781

Puttalam Integrated Plant (kWh)
93,970,599
(Puttalam Cement Plant & Aruwakkalu Quarry operations)

Ruhunu Cement Plant (kWh)
27,756,933

Galle Cement Plant (kWh)
5,159,708

INSEE Colombo Terminal (kWh)
303,732

Ecocycle Pre-Processing Facility Katunayake (kWh)
131,577

Ready-Mix Plant Peliyagoda (kWh)
176,920

INSEE Warehouses (kWh)
72,690
(Total of warehouses in Colombo, Kurunegala and Trincomalee)

Energy Consumption by Generator 1 in kWh	4,838
Through Generators: Diesel Consumption in Liters	51,400
kWh per Liter Consumed	0
Coal used (in MT) for all types of Equipment	78,465
Furnace Oil used (in Liters) for all types of Equipment	1,179,138
Diesel used (in Liters) for Primary Equipment Type 1	312,886
Diesel used (in Liters) for Other Operations	96,061
Petrol used (in Liters) for Other Operations	86

Reporting Period from 1st Jan to 31st Dec 2019

In the past five years, we have made some notable strides in seeking out alternative energy, mainly biofuels to replace Coal used in our Puttalam Cement Plant kiln. Thanks to the efforts by Ecocycle – through INSEE’s co-processing technology, we are now able to meet 35.21% of the energy requirements of the Puttalam Cement Plant kiln through alternative fuels generated from co-processing of non- hazardous waste such as fabric waste, wood waste as well as commercial waste such as paper, cardboard, packaging and selected plastics. In this way, we are not only reducing our direct CO₂ emissions but also helping municipalities and industrial companies to find sustainable waste management solutions.

Meanwhile from a product perspective too, our focus on expanding the blended cement range has led to

a positive reduction in INSEE’s energy demand over the past 5 years. This is due to the use of clinker substitutes such as slag and fly ash for the manufacture of blended cement which has helped lower the share of CO₂-intensive clinker in the final product. As a result, we have found that the manufacture of a 50Kg bag of blended cement on average takes up only 26.1% of the energy needed to produce a similar size bag of Ordinary Portland Cement.

Energy	
Fuel consumption (MJ/ton clinker)	3,887
Electricity consumption (kWh/ton cement)	95.2
Alternative Fuel Thermal Substitution Rate (%)	35.2%

Water Management

The process of manufacturing cement requires water for cooling of the roller mill, clinker grinding and dust control in all the cement plants. Our typical water requirements also include domestic utility and sanitation needs of our workforce as well as for maintaining our gardens.

Ruhunu Cement Plant, Galle Cement Plant as well as all business units rely on municipal water resources, while the Puttalam Integrated Cement plant, including the Aruwakkalu quarry, use a combination of surface water and groundwater to meet its needs. The surface water we use at Puttalam Cement Plant comes from the nearby Mee Oya, while groundwater is extracted through deep tube wells installed at plants and at the quarry site. Currently approximately 70% of Puttalam Cement Plant’s total water requirement is met through groundwater, and 30% is met from the surface water.

Water Consumption	Water (Cubic Meters)
Total water consumption (Water Withdrawal less Water Discharge)	139,818
Water consumption in Water stressed Areas (Water Withdrawal in stress areas less Water Discharge)	134,428
Water Conservation	
Total Rainwater Harvested	0
Total water (Cubic Meters) treated and recycled for operations, sanitation or gardening etc	4,200
Total Water (Cubic Meters) treated and discharged to environment (outside the premises)	0
Total Water (Cubic Meters) Discharged without treatment (if and where allowed by EPL)	51,934
Water recycled or reused (%)	2.7%

Water Stressed Areas

Surface water withdrawn from Water stressed areas: Fresh water (less than 1000 TDS) **41,872**

OTHER WATER more than 1000 TDS

Surface water withdrawn from Water stressed areas: 0
 Groundwater withdrawn from Water stressed areas: 24
 Third-Party water withdrawn from Water stressed areas: 24

Groundwater withdrawn from Water stressed areas: Fresh water (less than 1000 TDS) **96,651**

Third-Party Water withdrawn from Water stressed areas: Fresh water (less than 1000 TDS) **0**

TOTAL WATER

Total Surface water from Water stressed areas* 41,872
 Total Groundwater from Water stressed areas 96,651
 Total Third-Party water from Water stressed areas** 24

Total volume of water withdrawn from Water Stressed Areas and Non-Water Stressed

Note: * Total Surface Water includes rain water harvested.
 ** Total Third-party water from Municipality, or grey waster from other organisations.

Non-water Stressed Areas



Total Water from Water stressed areas in Cubic Meters	138,547
Total Water from Non-water stressed areas in Cubic Meters	53,205
Total Fresh water in Cubic Meters	180,471
Total Other water in Cubic Meters	11,281
Total Capacity of all primary and intermediary water storage tanks in Cubic Meters	3,965
Total Water Withdrawn in Cubic Meters	191,752



Effluents and Waste Management

INSEE generates very little industrial waste due to its closed manufacturing process where by-products and process waste materials generated from the manufacture of Clinker and cement are returned back for reuse in the cement making process.

Other waste generated as part of our day-to-day operations is managed in line with the waste management hierarchy where we prioritise the recovery of non-hazardous waste and promote the responsible disposal. The total waste generated for 2019 was 1,751,876 Kg's, of which 85% was reused, recycled or recovered. Of the remaining, a small portion of food waste was disposed of through deep well injection, while items such as Empty Chemical and Paint Containers, Waste Cement Bags, Asbestos were sent to designated landfills in line with approved environmental protocols.

The treatment of effluents meanwhile is done in compliance with the conditions stipulated under the environmental protection license issued by the CEA. Accordingly, all effluents are treated at the in-house effluent treatment plant. Canteen water treated and reused for gardening purposes, while sanitation water is released to the land within the plant boundary limits after proper treatment and appropriate testing to confirm if water quality parameters are in conformity with EPL guidelines. Onsite septic tanks and soakage pits are in place to manage grey and black water. Industrial sludge is transferred to the Co-processing facility.

Waste disposed by weight and destination		
Non-hazardous Waste		
Description	Quantity generated	Disposal Method
Food Waste (kg)	589	Disposed for Reuse
	859,330	Disposed for Composting
	800	Disposed through Deep well injection
	7,450	Disposed through Landfilling
Wooden Pallets, Scrap Wood and other wooden waste (kg)	217	Disposed for Reuse
	220	Disposed for Recovery of components
Scrap Iron, Iron Barrels, Aluminium Waste and other steel waste (kg)	466,705	Disposed for Recycling
	750	Disposed for Recovery of components
Plastic Barrels, Filter Bags, Canvass, other Plastic, Polythene, rubber items (in Kg)	52,136	Disposed for Recycling
	13,390	Disposed for Incineration
Paper Waste, Cardboard and other easily biodegradable packaging (in kg)	1	Disposed for Reuse
	8,971	Disposed for Recycling
	240,000	Disposed for Incineration
Glass, Ceramic and other Non-Hazardous General waste (in Kg)	530	Disposed for Recycling
	2,230	Disposed and kept on Site
Hazardous Waste		
Used Lubricants and other waste oil (in Kg)	5,866	Disposed for Reuse
	1,725	Disposed and kept on Site
Contaminated Scrap Iron, Cotton Waste, Oil filters, Carbon Liners etc (in Kg)	81,418	Disposed for Recycling
	180	Disposed and kept on Site
Empty Chemical and Paint Containers, Waste Cement Bags, Asbestos (in Kg)	264	Disposed for Recycling
	440	Disposed through Landfilling
E-waste, Electrical Scrap, CFL and LED bulbs (in Kg)	7,864	Disposed for Recycling
	5	Disposed and kept on Site
Other Hazardous General waste (in Kg)	210	Disposed through Landfilling

Amount of Non-Hazardous Waste Disposed through		Amount of Hazardous Waste Disposed through	
Reuse	807	Reuse (in Kg)	5,866
Recycling	528,342	Recycling (in Kg)	89,546
Composting	970	Landfill (in Kg)	650
Recovery	859,330	On-Site Storage (in Kg)	1,910
Incineration	253,390	Total Hazardous Waste Disposed (in Kg)	97,972
Deep Well Injection	800		
Landfill	7,450		
On-Site Storage	2,815		
Total amount of Waste Created and Disposed (Kg)	1,653,904		

Emission Control

INSEE's emission control programme addresses two main areas. They are CO₂ emissions and Dust and Sound emissions

CO₂ Emissions

Cement manufacture by its very nature is directly responsible for high levels of CO₂ emissions - Scope 1 emissions due to burning fuel and limestone for the production of clinker and Scope 2 emission generated as a result of electricity consumed for mixing, grinding etc. Accepting our share of the responsibility, INSEE has made a firm commitment to reduce its direct (Scope 1 and Scope 2) emissions, via a three-pronged strategy that focuses on;

1. Continuous monitoring and measurement of direct (Scope 1 and Scope 2) emissions. Using the gold standard CEM methodology, we are able to obtain precise emission data to make regular comparative assessments regarding our Scope 1 and Scope 2 performance.

INSEE's total Scope 1 and Scope 2 CO₂ footprint

for 2019 was 824,605 MT. This is a cumulative CO₂ footprint generated from Direct Energy through Primary sources (Scope 1) of 734,452 MT and Indirect Energy through Primary sources (Scope 2) of 90,153 MT.

2. Seek out alternative fuels to support a smooth transition to a low carbon economy in the future. Increasing the percentage of biofuels used in our manufacturing process has helped generate a marked reduction in INSEE's direct CO₂ emissions
3. Leveraging technology to focus on developing formulations with clinker substitutes. In testimony to this strategy, over the past five years we have added onto INSEE's portfolio, a range of superior blended cements that are manufactured using clinker substitutes such as Fly Ash and Slag which present a

20% to 30% lower emission profile than clinker.

As part of our holistic approach towards emission control, we continue to actively manage the GHG (Scope 3) emissions generated through our logistics operation as well. The decision to migrate to the express logistics model in 2019 was also partly driven by the need to reduce Scope 3 emissions. In parallel, we began working on improving data collection of our Scope 3 emissions to more reliably report on our most material indirect emissions. In this regard we started measuring our Scope 3 Carbon footprint of Clinker purchased, downstream distributors, upstream transport of material and input goods and of staff commute.

Dust and Sound Emissions

Kiln dust released during the production of clinker at Puttalam Cement Plant and the noise emanating from the grinding operation at Galle Cement Plant continues to affect the ambient air quality surrounding these plants. We have implemented all necessary procedures to minimize sound and dust pollution, including investing in noise cancellation equipment, dust shields, increasing the forest cover around the boundary perimeter etc. Continuous and ongoing monitoring of dust and sound indicators is another big part of our overall management approach. Currently we monitor and report on NO_x, SO₂ and Dust emissions and hazardous air pollutants only with regard to Puttalam Cement Plant, since it is our only fully integrated cement plant. It was observed that the Hazardous Air Pollutants level for 2019 was 0. The below table shows the levels of other atmospheric emissions at Puttalam Cement Plant for 2019.

Other Atmospheric Emissions		
NO _x (mg/Nm ³ , 10% O ₂)	750	1.5289 g/ ton Clinker
SO ₂ (mg/Nm ³ , 10% O ₂)	6.25	0.0127 g/ ton Clinker
Dust (mg/Nm ³ , 10% O ₂)	13.7	0.0279 g/ ton Clinker

Biodiversity conservation

Considering INSEE's long standing commitment to the RAMSAR convention, we have adopted a two-fold biodiversity strategy to address the impact to surrounding ecosystems due to our business activities.

Biodiversity - Operational sites assessed for proximity risks	2019
Subsurface land utilised in Sq Feet	1,415,700
Size of Operational Site in Acres	53
Internal Annual Visual Audit of Flora, Fauna Study Done?	No
Independent Periodic Visual Audit of Flora, Fauna Study Done?	Yes, annually by IUCN

Biodiversity - Habitats Protected or Restored	2019
2019	1,415,700

CO ₂ Emissions	
Net CO ₂ Emissions (kg CO ₂ /ton cementitious material)	526
Clinker factor (%) (Clinker / cement ratio)	79.1%

Emissions reductions	
Overall coverage rate: Percentage (%) of clinker produced with monitoring of all pollutants mentioned in the emissions guidelines	100%
Coverage rate continuous measurement: Percentage (%) of clinker produced with continuous monitoring of main pollutants, dust, NO _x , SO ₂	100%
Dust - coverage rate (%)	100%
NO _x - coverage rate (%)	100%
SO ₂ - coverage rate (%)	100%



Rehabilitation and Restoration

Aruwakkalu Quarry Assisted Regeneration Programme

Our efforts to minimize any long-term impacts of quarry mining activities on the ecological conditions of the area, is led by an Assisted Regeneration Programme carried out under the guidance of the IUCN. The objective of this rehabilitation initiative is to restore the green forest cover in excavated areas. Ideally, the affected areas once restored should be on par with the nearby forests of Wilpattu National Park, wherein thrives a diversity of fauna and flora.

To achieve this, our Assisted Regeneration Programme is based on a three-step process to reforest the decommissioned quarry sites; Firstly, the quarried area is refilled with unusable soil (overburden) generated during the mining process, secondly, the filled areas are covered with topsoil (rich in organic matter and natural seed bank) collected from newly-mined areas; and thirdly, suitable plant species are planted in the refilled areas. This technique suppresses the establishment of invasive plants, while providing suitable environmental

conditions, such as shade and soil nutrients that are conducive to the re-colonization of restored areas by native flora and faunal species.

To determine the progress of the restoration Programme and also to comply with the condition of our EPL, we have commissioned the IUCN to conduct an annual ecological survey. For the purpose of the survey, the rehabilitated area has been grouped into 15 plots, each of which has been restored at different time frames over the past 10 years. Surveying selected sample plots within restored areas of the Aruwakkalu site aims to measure changes in the habitat structure, species diversity, and ecological functions of the restored areas, compared with baseline conditions in order to determine the following:

1. Changes in floristic composition and faunal species richness over time.

2. The success of the recovery of restored sites in light of the original recovery objectives.
3. Recommendations for additional actions required to achieve the recovery objectives based on the findings of the ecological assessments.
4. Identification of gaps in the restoration programme against the conditions set by the EPL, which can be addressed in the restoration programme in the following year.

The Assisted Regeneration Programme was first launched in 2009, and since then has been responsible for the rehabilitation of nearly 87.81 hectares of the mine site. During this period, a total of 246 faunal species were colonized in the restored areas. Moreover the IUCN has estimated that the biodiversity richness of the rehabilitated lands is 6 times more than what it was before. In testimony to this fact, the faunal species on the restored land has increased from 52 to 249 species over the past decade.

Summary of the 2019 IUCN monitoring programme

Scope: To establish the flora and fauna restored on existing plots

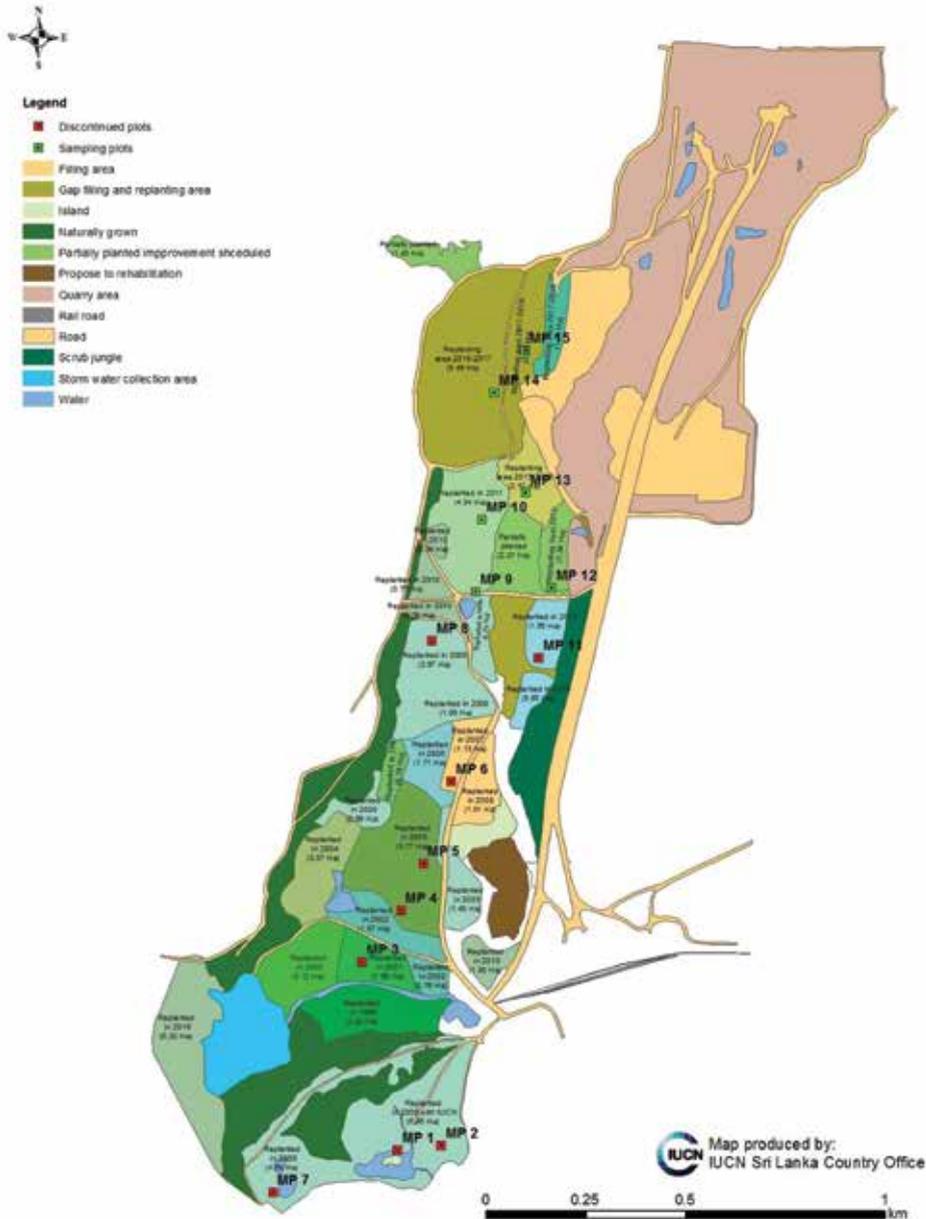
Methodology: The methods used during the 2019 monitoring visit were based on the monitoring protocol developed by IUCN Sri Lanka in 2009. This ensures that the results of the survey were comparable to those of previous visits.

Geo-coordinates of the Twelve Permanent Sampling Plots

Sampling Plot name	Year of establishment	Year on which restoration work was initiated	GPS location	Plot status
Plot 9	2012	2011	8° 15'5.82" NL 79°49'09.90" EL	Intact
Plot 10	2014	2012	8°15'11.70"NL 79°49'10.40" EL	Intact
Plot 12	2014	2012	8°15'06.20" NL 79°49'16.10" EL	Intact
Plot 13	2017	2015	8°15'14.20" NL 79°49'14.30" EL	Intact
Plot 14	2017	2016	8°15'20.50" NL 79°49'10.30" EL	Intact
Plot 15	2017	2017	8°15'24.60" NL 79°49'13.60" EL	Intact
Plot N1	2014	Natural forest	8°15'23.10"NL 79°49'13.20" EL	Intact
Plot Oq	2016	Non-restored ~ 30 yr. old quarry site	8°17''10.43" NL79°50''32.52"EL	Intact



Planted or Restored Forests in Aruwakkalu area



Detailed map of restored areas within the Aruwakalu quarry site indicating the monitoring plots (both discontinued and sampling plots).

Results

Extent of the rehabilitated area

Table 5 shows the land area rehabilitated each year under the restoration programme, from the start of the rehabilitation initiative. The extent of the rehabilitated area is measured in the annual topographic survey conducted at the end of each year. The year with the highest area rehabilitated was 2014, and the year with the lowest area rehabilitated was 2006. The area rehabilitated in 2014 was almost 300% higher than that of 2013. During the year 2018, around 12.74 hectares has been rehabilitated.

Rehabilitated area for each year of restoration activities

Rehabilitation Year	Area of Rehabilitation (m ²)	Rehabilitation Year	Area of Rehabilitation (m ²)
1999	34,189	2009	111,539
2000	31,210	2010	87,710
2001	19,944	2011	44,828
2002	27,284	2012	64,755
2003	22,142	2013	45,432
2004	30,700	2014	135,532
2005	37,738	2015	64,800
2006	17,137	2016	94,900
2007	19,273	2017	101,800
2008	107,484	2018	127,400



Natural regeneration of *Dicrostachys cinera* (Katuandara shrub) out of cattle dung. (seeds ingested by cattle and viable seeds are dispersed)

Faunal Diversity in the Rehabilitated area of the Quarry Site

A total of 134 fauna species were recorded during the sampling at plot number 9, 10, 12, 13, 14, and 15. This included 10 land snail species, 11 dragonfly species, 32 butterfly species, eight reptile species, 54 bird species, 19 mammal species and 0 amphibian species. Among them 16 species are endemic and two are exotic or introduced species (*Bradybaena similaris* and *Bos indicus*).

There were no migratory species recorded during the present visit as it was conducted during the non-migrant season. Ten species recorded in previous surveys are considered to be nationally threatened, four Endangered, and eight Vulnerable species. Furthermore, eight species were identified as nationally Near Threatened and one species as Data Deficient. A summary of the faunal species recorded during the 2019 monitoring visit is presented in Table 13.

Comparison of canopy cover and trees per plot in Natural abandoned and restored quarry site.

Parameter	Natural forest site	Abandoned quarry site	Restoration site (mean per plot)
Number of tree species	8	9	6.16
Tree canopy cover	321.95 sq.m	198.14 sq.m	25.02 sq.m
Trees per plot	40	22	16

Total number of fauna species recorded within the sampling plot

Taxonomic Group	Recorded from Restored area			National Threatened Status				
	Total	Endemic	Exotic	Critically Endangered	Endangered	Vulnerable	Near Threatened	Data Deficient
Land snails	10	6	1	0	3	3	0	1
Dragonflies	11	0	0	0	0	1	2	0
Butterflies	32	1	0	0	0	2	0	0
Amphibians	0	0	0	0	0	0	0	0
Reptiles	8	1	0	0	0	1	1	0
Birds	54	6	0	0	0	0	3	0
Mammals	19	2	1	0	1	1	2	0
Total	134	16	2	0	4	8	8	1

Faunal species richness data from 2009 to 2019 (restored plots)

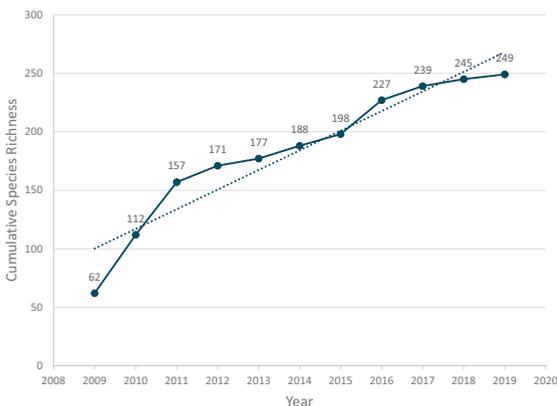
Taxon	Number of species recorded in restored plots										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Land snails	-	-	-	4	4	5	3	10	14	3	10
Dragonflies	-	4	8	1	4	5	10	9	10	11	11
Butterflies	13	34	43	9	16	33	37	55	33	44	32
Amphibians	2	0	0	0	0	0	0	0	0	0	0
Reptiles	6	3	7	5	4	6	6	8	10	4	8
Birds	33	39	52	39	38	40	47	47	51	46	54
Mammals	9	14	16	18	18	14	16	21	20	15	19
Total	63	94	126	76	84	104	119	150	138	123	134

Previous surveys have revealed that the faunal species richness has increased between 2009 and 2011, reaching a peak of 126 species in 2011. Recorded faunal species richness, then dropped considerably to 76 species in 2012 – most likely because the monitoring visit was conducted during the peak of the dry season in 2012.

There was a slight increase in faunal species richness (approximately 10 percent) between 2012 and 2013. There was then a sharp increase in faunal species from 84 species in 2013 to 104 species in 2014.

The sampling effort of the 2014 monitoring period was doubled from 5 days to 10 days and thus this may be one of the reasons for the apparent increase in the number of species between 2013 and 2014. In 2015, there has been another significant increase in recorded faunal species richness from 104 species in 2014 to 119 species in 2015. The sampling effort was the same in 2019 (10 days) as it was in 2014, 2015 and 2016. On this basis, the 2019 findings appear to indicate a slight decrease in the faunal species richness to 138 species as opposed to 150, which was recorded in 2016. While the sampling effort was less and the sites sampled were fewer in 2018. In the present, it has again shown the increase compared with 2018 (134 species).

The Cumulative Species Curve for Faunal Species (This includes the total restores area sampled from 2009 to date, including discontinued plots)



Kanneliya Rain Forest restoration Project

In 2019, INSEE renewed its commitment towards the restoration of a degraded area of the Kanneliya rain forest. 2019 was the second year of INSEE’s involvement in this project. The project which aims to restore 10 Acres of forest land in the Kanneliya rainforest is a joint effort between INSEE and several other corporates. At a ground level, the initiative is spearheaded by Biodiversity Sri Lanka and the Sri Lanka Forest Department together with the technical assistance provided by the IUCN.

During the 2019 monitoring visit, total of four new fauna species were recorded. i.e. represents one species of dragonfly, two butterfly species and one reptile species.

The cumulative species curve, which indicates the total number of faunal species recorded from the restored plots over time, is presented in Figure 9. This has calculated with very first monitoring session (2009) including discontinued sampling plots due to solids waste project. However, all recorded species since 2009 were also recorded from the remaining plots 9-10, 12, and 13-15 and therefore it was not affected to the present calculation.



Mangrove Restoration Project - Koggala Lagoon

Both Ruhunu and Galle Cement Plants are located in close proximity to the mangroves located on the waters of the Koggala lagoon. Mangroves have enormous ecological significance due to the supportive role they play in enriching wetland ecosystems. As a coastal species, mangroves act as both barriers, preventing soil erosion and protecting inhabitants from storms. They also serve as biofilters for nutrients in upland runoff, such as nitrogen and phosphorus. Mangrove forests form the basis of a detrital food chain, where the fallen leaves provide coastal waters with much of their productivity. This high level of productivity contributes to the wide array of species that inhabit mangroves or use them as refuges, migration sites, and nurseries for a wide range tropical and subtropical marine species, such as fish and crustaceans, spend some part of their lives in mangroves as juveniles. Moreover, hundreds of bird species have been identified in mangrove forests.

The Koggala lagoon spreads out to over 55 square kilometers including a catchment area and has 21 islands. Thalathuduwa spanning 30 acres, is the largest island in the lagoon. The area is home to 10 of the 22 true mangrove species found in Sri Lanka. It was found that mangroves in the Koggala lagoon have been greatly eroded due to fishing and tourism activities as well as unplanned deforestation. Around 2.5 acres of Kurulu Duwa island has all but disappeared due to mangrove deforestation in the area.

In 2019 INSEE embarked on an ambitious project to restore mangrove around the Thalathuduwa and Kurulu Duwa Islands, in partnership with the Wildlife and Ocean Resource Conservation (WORC) and Central Environment Authority.

A pilot project was launched on the 10th of June 2019 to commemorate World Environment Day. The pilot project was driven by the INSEE Green Club

volunteers, who together with Habaraduwa Technical College students and Environmentalists from Wildlife & Ocean Resource Conservation, Central Environment Authority and Marine Environment Protection Authority planted 250 mangrove saplings. Later in the year another 1500 more mangrove plants and 1500 terrestrial and associated mangrove plants were also planted. This was done using an innovative new planting methodology, where plants were placed inside bottomless barrels which were later removed once the roots stabilized. The barrels were then reused for replanting other areas.



Unawatuna Coral Reef Restoration initiative

The Unawatuna Coral Reef Restoration initiative is a long-term undertaking by INSEE to restore degraded marine habitats along the South-Western coast of Sri Lanka. With coral reefs in Sri Lanka reaching the endangered list, INSEE's restoration project undertakes to commission artificial structures to reinforce the coral bed and enable reefs to re-propagate. Since first being launched in 2009, the work done over the past decade has been responsible for a total of 25 coral colonies being naturally established on these structures. In 2019 we

moved significantly closer to completing Phase 2. Phase 2 which began in 2018 in partnership with the Rotaract club of University of Moratuwa and Sri Lanka Navy was aimed at introducing a more sustainable coral restoration methodology, where coated steel structures were installed on the coral bed instead of the traditional concrete structures used in the past. The added strength and resilience of the coated steel structure is further expected to help prevent land erosion leading to a significant enhancement or coastal biodiversity.



Habitat Preservation

Aruwakkalu Quarry Animal Rescue Programme

Our habitat preservation initiative is the Animal Rescue Programme which goes hand in hand with the Assisted Regeneration Programme at the Aruwakkalu quarry site. Yet another partnership between INSEE and the IUCN, the Animal Rescue programme is an ongoing initiative designed to ensure that quarry expansion activities in Aruwakkalu are done sustainably and with minimum impact on natural ecosystems. The INSEE Animal Rescue Programme relies on the technical assistance provided by the

IUCN to identify and rescue animals at risk, and safely relocate them to a similar habitat in Aruwakkalu itself. As per the IUCN guidelines, all animals identified for rescue are collected and placed in aerated polythene or cloth collecting bags, or plastic containers, as appropriate. They are then translocated to suitable micro-habitats within the identified translocation destination sites.

Destination sites are selected based on its ability

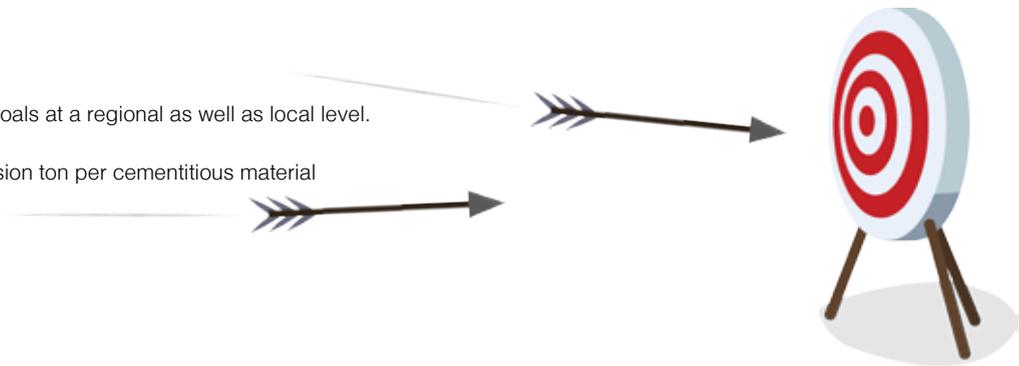
to facilitate the requirements of the taxon to be translocated. As such primary translocation sites are restored areas of the quarry, nearby villus, and other protected areas.

Over the past ten years, the INSEE Animal Rescue Programme has rescued and relocated 17,169 animals belonging to over 125 faunal species from quarried areas and released to safer restored habitats.

Future Goals and Targets

Setting Water reduction and Biodiversity conservation goals at a regional as well as local level.

Setting targets for sustainably minimising the CO₂ emission ton per cementitious material



GRI CONTENT INDEX

GRI Standard Disclosure		• Relevant Section and Page numbers	Omission	External Assurance Indicate if the Standard Disclosures has ...
GRI 102: General Disclosures 2016				
Organisational Profile				
102 - 1	Name of the organisation	• Business overview Page 11		Yes, please refer Independence Assurance Statement on Page 105
102-2	Activities, brands, products and services	• Contribution to economy Pages 12, 13, 14, 15, 16 • Business overview Pages 29, 30 • Industry Leadership Pages 34, 35, 36		Yes, please refer Independence Assurance Statement on Page 105
102-3	Location of head quarters	• About the Report Page ii		Yes, please refer Independence Assurance Statement on Page 105
102-4	Location of operations	• Business overview Pages 10, 11		Yes, please refer Independence Assurance Statement on Page 105
102-5	Ownership and legal form	• About the Report Page ii		Yes, please refer Independence Assurance Statement on Page 105
102-6	Markets served	• Contribution to Sri Lanka's Economy, Pages 34, 35, 36 • Commitment to Our Distributors, Page 56 • Commitment to Our Customers, Page 59		Yes, please refer Independence Assurance Statement on Page 105
102-7	Scale of the organisation	• Business Overview, Page 11 • Contribution to Sri Lanka's Economy, Page 33		Yes, please refer Independence Assurance Statement on Page 105
102-8	Information on Employees and other workers	• INSEE People, Pages 43, 50, 51	Third-Party Contractor workers are not included as the information is not recorded in a centralized manner, please refer note on Page 51.	Yes, please refer Independence Assurance Statement on Page 105
102-9	Supply chain	• Sustainability Strategy, Page 20 • Strengthening Partnerships, Pages 62, 63, 64		Yes, please refer Independence Assurance Statement on Page 105
102-10	Significant changes to the organisation and its supply chain	• Commitment to Our Distributors, Page 56 • Strengthening Partnerships, Page 62		Yes, please refer Independence Assurance Statement on Page 105
102-11	Precautionary principle or approach	• Industry Leadership, Page 31 • Safety is Our No.1 Priority, Page 38 • Commitment to Our Customers, Page 58		Yes, please refer Independence Assurance Statement on Page 105
102-12	External Initiatives	• About the Report, Page ii • Sustainability Strategy, Page 19		Yes, please refer Independence Assurance Statement on Page 105

102-13	Membership of Associations	<ul style="list-style-type: none"> Sustainability Strategy, Page 18 	Yes, please refer Independence Assurance Statement on Page 105
2. Strategy			
102-14	Statement from senior decision maker	<ul style="list-style-type: none"> Message from Chairman, Pages 2, 3 Message from our CEO, Pages 4, 5, 6 	Yes, please refer Independence Assurance Statement on Page 105
102-15	Key impacts, risks and opportunities	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 23 Commitment to the Environment, Page 75 	Yes, please refer Independence Assurance Statement on Page 105
3. Ethics and Integrity			
102-16	Values, principles, standards and norms of behavior	<ul style="list-style-type: none"> Message from our CEO, Page 4 Business Overview, Page 7 Sustainability Strategy, Pages 18, 26, 27 	Yes, please refer Independence Assurance Statement on Page 105
102-17	Mechanisms for advice and concerns about ethics	<ul style="list-style-type: none"> Sustainability Strategy, Page 26 	Yes, please refer Independence Assurance Statement on Page 105
4. Governance			
102-18	Governance structure	<ul style="list-style-type: none"> Sustainability Strategy, Page 27 	Yes, please refer Independence Assurance Statement on Page 105
102-19	Delegating authority	<ul style="list-style-type: none"> Sustainability Strategy, Page 27 	Yes, please refer Independence Assurance Statement on Page 105
102-20	Executive-level responsibility for economic, environmental, and social topics	<ul style="list-style-type: none"> Sustainability Strategy, Page 27 	Yes, please refer Independence Assurance Statement on Page 105
102-21	Consulting stakeholders on economic, environmental and social topics	<ul style="list-style-type: none"> Sustainability Strategy, Pages 21, 22 	Yes, please refer Independence Assurance Statement on Page 105
102-29	Identifying and managing economic, environmental and social impacts	<ul style="list-style-type: none"> Sustainability Strategy, Pages 23, 27 	Yes, please refer Independence Assurance Statement on Page 105
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> Sustainability Strategy, Page 23 	Yes, please refer Independence Assurance Statement on Page 105
102-31	Review of economic, environmental, and social topics	<ul style="list-style-type: none"> Sustainability Strategy, Page 27 	Yes, please refer Independence Assurance Statement on Page 105
102-32	Highest governance body's role in Sustainability Reporting	<ul style="list-style-type: none"> About the Report, Page ii Sustainability Strategy, Page 27 	Yes, please refer Independence Assurance Statement on Page 105
102-33	Communicating critical concerns	<ul style="list-style-type: none"> Sustainability Strategy, Page 27 	Yes, please refer Independence Assurance Statement on Page 105
5. Stakeholder engagement			
102-40	List of stakeholder groups	<ul style="list-style-type: none"> Sustainability Strategy, Pages 21, 22 	Yes, please refer Independence Assurance Statement on Page 105
102-41	Collective bargaining agreements	<ul style="list-style-type: none"> INSEE People, Pages 46, 49 	Yes, please refer Independence Assurance Statement on Page 105
102-42	Identifying and selecting stakeholders	<ul style="list-style-type: none"> Sustainability Strategy, Page 21 	Yes, please refer Independence Assurance Statement on Page 105
102-43	Approach to stakeholder engagement	<ul style="list-style-type: none"> Sustainability Strategy, Pages 21, 22 	Yes, please refer Independence Assurance Statement on Page 105

102-44	Key topics and concerns raised	<ul style="list-style-type: none"> Sustainability Strategy, Pages 21, 22 	Yes, please refer Independence Assurance Statement on Page 105
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-46	Defining report content and topic Boundaries	<ul style="list-style-type: none"> About the Report, Page ii Sustainability Strategy, Pages 24, 25 	Yes, please refer Independence Assurance Statement on Page 105
102-47	List of material topics	<ul style="list-style-type: none"> Sustainability Strategy, Page 23 	Yes, please refer Independence Assurance Statement on Page 105
102-48	Restatements of information	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-49	Changes In reporting	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-50	Reporting period	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-51	Date of most recent report	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-52	Reporting cycle	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-53	Contact point for questions regarding the report	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-54	Claims of reporting in accordance with the GRI standards	<ul style="list-style-type: none"> About the Report, Page ii 	Yes, please refer Independence Assurance Statement on Page 105
102-55	GRI Content Index	<ul style="list-style-type: none"> GRI Content Index, Pages 93, 94, 95, 96, 97, 98, 99, 100, 101, 102, 103, 104 	Yes, please refer Independence Assurance Statement on Page 105
102-56	External Assurance	<ul style="list-style-type: none"> About the Report, Page ii Independence Assurance Statement, Page 105 	Yes, please refer Independence Assurance Statement on Page 105

GRI 200: Economical

Topic-specific Standards
Material Topics
Economic Performance

GRI 201: Economic Performance 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Industry Leadership, Page 29 Contribution to Sri Lanka's Economy, Page 33 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Industry Leadership, Page 29 Contribution to Sri Lanka's Economy, Page 33 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Industry Leadership, Page 29 Contribution to Sri Lanka's Economy, Page 33 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> Contribution to Sri Lanka's Economy, Page 33 	Yes, please refer Independence Assurance Statement on Page 105
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GRI 203: Indirect Economic Impacts 2016**1. Management approach disclosures**

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Contribution to Sri Lanka's Economy, Page 33 • Safety is Our No.1 Priority, Pages 37, 40 • Commitment to the Community, Pages 67, 68 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Safety is Our No.1 Priority, Pages 37, 40 • Commitment to the Community, Pages 67, 68 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Safety is Our No.1 Priority, Pages 37, 40 • Commitment to the Community, Pages 67, 68 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

203-1	Infrastructure investments and services supported	<ul style="list-style-type: none"> • Contribution to Sri Lanka's Economy, Pages 33, 34, 36 • Commitment to the Community, Page 69 • 	Yes, please refer Independence Assurance Statement on Page 105
203-2	Significant indirect economic impacts	<ul style="list-style-type: none"> • Sustainability Strategy, Page 20 • Contribution to Sri Lanka's Economy, Page 36 • Commitment to the Community, Pages 68, 69, 70, 72 	Yes, please refer Independence Assurance Statement on Page 105

GRI 204: Procurement Practices 2016**1. Management approach disclosures**

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 62 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 62 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 65 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

204-1	Proportion of spending on local suppliers	<ul style="list-style-type: none"> • Strengthening Partnerships, Page 62 	Yes, please refer Independence Assurance Statement on Page 105
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GRI 205: Anti-Corruption 2016**1. Management approach disclosures**

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20, 26, 27 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20, 26, 27 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 65 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

205-2	Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 26, 27 	Yes, please refer Independence Assurance Statement on Page 105
205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 26, 27 • Strengthening Partnerships, Page 65 	Yes, please refer Independence Assurance Statement on Page 105

GRI 300: Environmental

GRI 301: Materials 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

301-1	Materials used by weight or volume	<ul style="list-style-type: none"> • Commitment to the Environment, Page 76 	Yes, please refer Independence Assurance Statement on Page 105
301-2	Recycled input materials used	<ul style="list-style-type: none"> • Commitment to the Environment, Page 76 	Yes, please refer Independence Assurance Statement on Page 105
301-3	Reclaimed products and their packaging materials	<ul style="list-style-type: none"> • Commitment to the Environment, Page 77 	Yes, please refer Independence Assurance Statement on Page 105

GRI 302: Energy 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76, 77 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 77, 78 	Yes, please refer Independence Assurance Statement on Page 105
302-4	Reduction of energy consumption	<ul style="list-style-type: none"> • Commitment to the Environment, Page 79 	Yes, please refer Independence Assurance Statement on Page 105
302-5	Reductions in energy requirements of products and services	<ul style="list-style-type: none"> • Commitment to the Environment, Page 79 	Yes, please refer Independence Assurance Statement on Page 105

GRI 303: Water and Effluents 2018

1. Management approach disclosures

303-1	Interactions with water as a shared resource	<ul style="list-style-type: none"> • Commitment to the Environment, Page 79 	Yes, please refer Independence Assurance Statement on Page 105
303-2	Management of water discharge-related impacts	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 79, 82 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures			
303-3	Water withdrawal	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 80, 81 	Yes, please refer Independence Assurance Statement on Page 105
303-4	Water discharge	<ul style="list-style-type: none"> • Commitment to the Environment, Page 82 	Yes, please refer Independence Assurance Statement on Page 105
303-5	Water consumption	<ul style="list-style-type: none"> • Commitment to the Environment, Page 79 	Yes, please refer Independence Assurance Statement on Page 105
GRI 304: Biodiversity 2016			
1. Management approach disclosures			
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76, 85 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 85, 86 	Yes, please refer Independence Assurance Statement on Page 105
304-2	Significant impacts of activities, products and services on biodiversity	<ul style="list-style-type: none"> • Commitment to the Environment, Page 86, 90, 92 	Yes, please refer Independence Assurance Statement on Page 105
304-3	Habitats protected or restored	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 85, 86, 89, 90, 92 	Yes, please refer Independence Assurance Statement on Page 105
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 89, 91 	Yes, please refer Independence Assurance Statement on Page 105
GRI 305: Emissions 2016			
1. Management approach disclosures			
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76, 84 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76 	Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures			
305-1	Disclosure Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> • Commitment to the Environment, Pages 84, 85 	Yes, please refer Independence Assurance Statement on Page 105

305-2	Energy Indirect (Scope 2) GHG emissions	• Commitment to the Environment, Page 84	Yes, please refer Independence Assurance Statement on Page 105
305-3	Other indirect (Scope 3) GHG emissions	• Commitment to the Environment, Page 84	Yes, please refer Independence Assurance Statement on Page 105
305-4	GHG emissions intensity	• Commitment to the Environment, Page 84	Yes, please refer Independence Assurance Statement on Page 105
305-5	Reduction of GHG emissions	• Commitment to the Environment, Page 84	Yes, please refer Independence Assurance Statement on Page 105
305-6	Emissions of Ozone-Depleting Substances (ODS)	• Commitment to the Environment, Page 84	Yes, please refer Independence Assurance Statement on Page 105
305-7	Nitrogen oxides (NOx), Sulfur oxide (Sox), and other significant air emissions	• Commitment to the Environment, Page 85	Yes, please refer Independence Assurance Statement on Page 105

GRI 306: Effluents and Waste 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	• Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76, 83	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	• Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	• Sustainability Strategy, Pages 18, 20 • Commitment to the Environment, Pages 75, 76	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

306-1	Water discharge by quality and destination	• Commitment to the Environment, Pages 82, 83	Yes, please refer Independence Assurance Statement on Page 105
306-2	Waste by type and disposal method	• Commitment to the Environment, Pages 83, 84	Yes, please refer Independence Assurance Statement on Page 105

GRI 307: Environmental Compliance 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	• Sustainability Strategy, Pages 18, 20, 26 • Commitment to the Environment, Pages 75, 76	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	• Sustainability Strategy, Pages 18, 20, 26 • Commitment to the Environment, Pages 75, 76	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	• Sustainability Strategy, Pages 18, 20, 26 • Commitment to the Environment, Pages 75, 76	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

307-1	Non-compliance with environmental laws and regulations	• Industry Leadership, Page 31 • Commitment to the Environment, Page 75	Yes, please refer Independence Assurance Statement on Page 105
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GRI 308: Supplier Environmental Assessment 2016**1. Management approach disclosures**

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Strengthening Partnerships, Page 64 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Strengthening Partnerships, Page 64 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Strengthening Partnerships, Page 64 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

308-1	New suppliers that were screened using environmental criteria	<ul style="list-style-type: none"> Strengthening Partnerships, Pages 65, 66 	Yes, please refer Independence Assurance Statement on Page 105
308-2	Negative environmental impacts in the supply chain and actions taken	<ul style="list-style-type: none"> Strengthening Partnerships, Pages 65, 66 	Yes, please refer Independence Assurance Statement on Page 105

GRI 400: Social**GRI 401: Employment 2016****1. Management approach disclosures**

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Safety is Our No.1 Priority, Page 37 INSEE People, Page 43 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Safety is Our No.1 Priority, Page 37 INSEE People, Page 43 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Safety is Our No.1 Priority, Page 37 INSEE People, Page 43 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> INSEE People, Pages 45, 50 	Yes, please refer Independence Assurance Statement on Page 105
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<ul style="list-style-type: none"> INSEE People, Pages 45, 50 	Yes, please refer Independence Assurance Statement on Page 105

GRI 403: Occupational Health & Safety 2018**1. Management approach disclosures**

403-1	Occupational health and safety management system	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Page 37 INSEE People, Page 52 	Yes, please refer Independence Assurance Statement on Page 105
403-2	Hazard identification, risk assessment, and incident investigation	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Pages 38, 40 INSEE People, Page 52 	Yes, please refer Independence Assurance Statement on Page 105
403-3	Occupational health services	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Page 39 	Yes, please refer Independence Assurance Statement on Page 105
403-4	Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Pages 37, 39 	Yes, please refer Independence Assurance Statement on Page 105
403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Page 38 	Yes, please refer Independence Assurance Statement on Page 105

403-6	Promotion of work health	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Page 39 		Yes, please refer Independence Assurance Statement on Page 105
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> Safety is Our No.1 Priority, Pages 37, 38 		Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures				
403-8	Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> INSEE People, Page 52 		Yes, please refer Independence Assurance Statement on Page 105
403-9	Work-related injuries	<ul style="list-style-type: none"> INSEE People, Pages 52, 53 		Yes, please refer Independence Assurance Statement on Page 105
GRI 404: Training and Education 2016				
1. Management approach disclosures				
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 INSEE People, Pages 43, 47 		Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 INSEE People, Pages 43, 47 		Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 INSEE People, Pages 43, 47 		Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures				
404-1	Average hours of training per year per employee	<ul style="list-style-type: none"> INSEE People, Pages 47, 48 		Yes, please refer Independence Assurance Statement on Page 105
404-2	Programmes for upgrading employee skills and transition assistance programmes	<ul style="list-style-type: none"> INSEE People, Pages 47, 48 		Yes, please refer Independence Assurance Statement on Page 105
404-3	Percentage of employees receiving regular performance and career development reviews	<ul style="list-style-type: none"> INSEE People, Page 46 		Yes, please refer Independence Assurance Statement on Page 105
GRI 405: Diversity and Equal Opportunity 2016				
1. Management approach disclosures				
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 		Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> INSEE People, Pages 49, 51 		Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> Sustainability Strategy, Pages 18, 20 Employees 		Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures				
405-1	Diversity of governance bodies and employees	<ul style="list-style-type: none"> INSEE People, Page 51 	Contractor workers are not included as the information is not recorded in a centralized manner, please refer note on Page 51.	Yes, please refer Independence Assurance Statement on Page 105

GRI 406: Non-discrimination 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Pages 43, 44 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Pages 43, 44 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Pages 43, 44 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

406-1	Incidents of discrimination and corrective actions taken	<ul style="list-style-type: none"> • INSEE People, Pages 45, 52 	Yes, please refer Independence Assurance Statement on Page 105
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GRI 407: Freedom of Association and Collective bargaining 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Page 49 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Page 49 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Page 49 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

407-1	Operations and suppliers in which the right to freedom of association and collective bargaining maybe at risk	<ul style="list-style-type: none"> • INSEE People, Page 49 	Yes, please refer Independence Assurance Statement on Page 105
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GRI 408: Child Labour 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

408-1	Operations and suppliers at significant risk for incidents of child labour	<ul style="list-style-type: none"> • INSEE People, Page 44 • Strengthening Partnerships, Page 65 	Yes, please refer Independence Assurance Statement on Page 105
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GRI 409: Forced and Compulsory Labour 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Pages 43, 44 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Pages 43, 44 	Yes, please refer Independence Assurance Statement on Page 105

103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • INSEE People, Pages 43, 44 	Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	<ul style="list-style-type: none"> • INSEE People, Page 44 • Strengthening Partnerships, Page 65 	Yes, please refer Independence Assurance Statement on Page 105
GRI 413: Local communities 2016			
1. Management approach disclosures			
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Community, Page 67 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Community, Page 67 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to the Community, Page 67 	Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures			
413-1	Operations with local community engagement, impact assessments and development programmes	<ul style="list-style-type: none"> • Commitment to the Community, Pages 67, 68, 69, 70, 71, 72, 73 	Yes, please refer Independence Assurance Statement on Page 105
413-2	Operations with significant actual and potential negative impacts on local communities	<ul style="list-style-type: none"> • Commitment to the Environment, Page 85 	Yes, please refer Independence Assurance Statement on Page 105
GRI 414: Supplier social assessment 2016			
1. Management approach disclosures			
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 64 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 64 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Strengthening Partnerships, Page 64 	Yes, please refer Independence Assurance Statement on Page 105
2. Topic-specific disclosures			
414-1	New suppliers that were screened using social criteria	<ul style="list-style-type: none"> • Strengthening Partnerships, Pages 63, 65, 66 	Yes, please refer Independence Assurance Statement on Page 105
414-2	Negative social impacts in the supply chain and actions taken	<ul style="list-style-type: none"> • Strengthening Partnerships, Page 65 	Yes, please refer Independence Assurance Statement on Page 105
GRI 416: Customer Health and Safety 2016			
1. Management approach disclosures			
103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Safety is Our No.1 Priority, Pages 37, 40 • Commitment to Our Customers, Page 57 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Safety is Our No.1 Priority, Pages 37, 40 • Commitment to Our Customers, Pages 57, 58 	Yes, please refer Independence Assurance Statement on Page 105

103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Safety is Our No.1 Priority, Pages 37, 40 • Commitment to Our Customers, Page 57 	Yes, please refer Independence Assurance Statement on Page 105
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2. Topic-specific disclosures

416-1	Assessment of the health and safety impacts of product and service categories	<ul style="list-style-type: none"> • Commitment to Our Customers, Pages 57, 58, 59 	Yes, please refer Independence Assurance Statement on Page 105
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GRI 417: Marketing and Labelling 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to Our Distributors, Page 56 • Commitment to Our Customers, Page 57 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to Our Distributors, Page 56 • Commitment to Our Customers, Page 57 	Yes, please refer Independence Assurance Statement on Page 105
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20 • Commitment to Our Distributors, Page 56 • Commitment to Our Customers, Page 57 	Yes, please refer Independence Assurance Statement on Page 105

2. Topic-specific disclosures

417-1	Requirements for product and service information labelling	<ul style="list-style-type: none"> • Industry Leadership, Pages 30, 31 • Commitment to Our Customers, Page 59 	Yes, please refer Independence Assurance Statement on Page 105
417-2	Incidents of non-compliance concerning product and service information and labelling	<ul style="list-style-type: none"> • Industry Leadership, Page 31 • Commitment to Our Customers, Page 59 	Yes, please refer Independence Assurance Statement on Page 105
417-3	Incidents of non-compliance concerning marketing communications	<ul style="list-style-type: none"> • Commitment to Our Customers, Page 59 	Yes, please refer Independence Assurance Statement on Page 105

GRI 419: Socio economic compliance 2016

1. Management approach disclosures

103-1	Explanation of the material topic and its boundaries	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20, 26 • Industry Leadership, Pages 29, 30 	Yes, please refer Independence Assurance Statement on Page 105
103-2	The management approach and its components	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20, 26 • Industry Leadership, Pages 29, 30 	
103-3	Evaluation of the management approach	<ul style="list-style-type: none"> • Sustainability Strategy, Pages 18, 20, 26 • Industry Leadership, Pages 29, 30 	

2. Topic-specific disclosures

419-1	Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> • Industry Leadership, Pages 30, 31 • Commitment to the Environment, Page 75 	
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INDEPENDENCE ASSURANCE STATEMENT



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Introduction and scope of the engagement

The management of Siam City Cement (Lanka) Limited (“the Company”) engaged us to provide an independent assurance on the following elements of the sustainability reporting criteria presented in the annual report- 2019 (“the Report”).

- Reasonable assurance on the information on financial performance as specified on page 33 of the Report.
- Limited assurance on other information presented in the Report, prepared in accordance with the requirements of the Global Reporting Initiative GRI Standards: ‘In accordance’ – Core guidelines.

Basis of our work and level of assurance

We performed our procedures to provide limited assurance in accordance with Sri Lanka Standard on Assurance Engagements (SLSAE 3000): ‘Assurance Engagements Other than Audits or Reviews of Historical Financial Information’, issued by the Institute of Chartered Accountants of Sri Lanka (“CASL”).

The evaluation criteria used for this limited assurance engagement are based on the Sustainability Reporting Guidelines (“GRI Guidelines”) and related information in particular, the requirements to achieve GRI Standards ‘In accordance’ - Core guideline publication, publicly available at GRI’s global website at “www.globalreporting.org”.

Our engagement provides limited assurance as well as reasonable assurance. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with SLSAE-3000 and consequently does not enable to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an opinion providing reasonable assurance.

Management of the Company’s responsibility for the Report

The management of the Company is responsible for the preparation of the self-declaration, the information and statements contained within the Report, and for maintaining adequate records and internal controls that are designed to support the sustainability reporting process in line with the GRI Sustainability Reporting Guidelines.

Ernst & Young's responsibility

Our responsibility is to express a conclusion as to whether we have become aware of any matter that causes us to believe that the Report is not prepared in accordance with the requirements of the Global Reporting Initiative, GRI Standards: 'In accordance' - Core guidelines. This report is made solely to the Company in accordance with our engagement letter dated 07 August 2020. We disclaim any assumption of responsibility for any reliance on this report to any person other than the Company or for any purpose other than that for which it was prepared. In conducting our engagement, we have complied with the independence requirements of the Code for Ethics for Professional Accountants issued by the CASL.

Key assurance procedures

We planned and performed our procedures to obtain the information and explanations considered necessary to provide sufficient evidence to support our limited assurance conclusions. Key assurance procedures included:

- Interviewing relevant the Company's personnel to understand the process for collection, analysis, aggregation and presentation of data.
- Reviewing and validation of the information contained in the Report.
- Checking the calculations performed by the Company on a sample basis through recalculation.
- Reconciling and agreeing the data on financial performance are properly derived from the Company's audited financial statements for the year ended 31 December 2019.
- Comparison of the content of the Report against the criteria for a Global Reporting Initiative, GRI Standards: 'In accordance' – Core guidelines

Our procedures did not include testing electronic systems used to collect and aggregate the information.

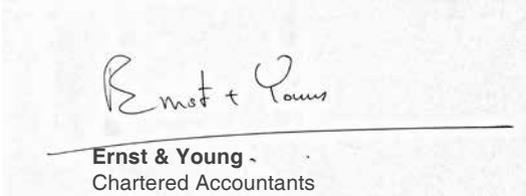
Limitations and considerations

Environmental and social performance data are subject to inherent limitations given their nature and the methods used for determining, calculating and estimating such data.

Conclusion

Based on the procedures performed, as described above, we conclude that;

- The information on financial performance as specified on page 31 of the Report are properly derived from the audited financial statements of the Company for the year ended 31 December 2019.
- Nothing has come to our attention that causes us to believe that other information presented in the Report are not fairly presented, in all material respects, in accordance with the Company's sustainability practices and policies some of which are derived from Sustainability Reporting Guideline, GRI Standards- 'In accordance' Core.



6 December 2020
Colombo

ABBREVIATIONS

A

AFR – Alternative Fuels and Raw materials
 ASE – Area Sales Executive
 AutoCAD – Computer aided design

B

B2B – Business to Business
 BOI – Board of Investment
 BS EN – British adoption of a European Standard

C

CAP – Community Advisory Panel
 CAP – Community Advisory Panel
 CEA – Central Environmental Authority
 CECB – Central Engineering Consultancy Bureau
 CEM – Continuous Emission Monitoring
 CEO – Chief Executive Officer
 CIDA – Construction Industry Development Authority
 CIOB – Ceylon Institute of Builders
 CO₂ – Carbon dioxide
 CoBC – Code of Business Conduct
 CPD - Continuous Professional Development
 CPM – Concrete Product Manufacturing
 CSC – Central Safety Committee
 CSMD - Contractor Safety Management Directive
 CSMD – Contractor Safety Management Directive
 CSR – Corporate Social Responsible

D

DSCQP – Design Safety and Construction Quality Programme

E

ELC – Express Logistics Center
 EMS – Energy Monitoring System
 EVE – Enterprise based Vocational Education
 EVP – Employee Value Proposition
 EXCO – Executive Committee

F

FLMP – Frontline Management Programme
 FMCG – Fast Moving Consumer Goods
 FML – Front-Management Level
 FPE – Fatality Prevention Elements

G

GAD – Government Analyst Department
 GBCSL – Green Building Council of Sri Lanka
 GCE – General Certificate of Education
 GDP – Gross Domestic Product
 GHG – Green House Gas
 GIS - Geographic Information System
 GlZ – Gesellschaft fur Internationale Zusammenarbeit GmbH
 GPS – Global Positioning System
 GRI – Global Reporting Initiative

H

H&S – Health & Safety
 HAZOP – Hazard Operability
 HR – Human Resources
 HRIS – Human Resource Information System

I

i2i– Innovation to Industry
 ICEU – Inter Company Employee Union
 IESL – Institution of Engineers, Sri Lanka
 ILO – International Labour Organisation
 IOSH – Institute of Occupational Safety and Health
 ISO – International Organisation for Standardization
 IT – Information Technology
 IUCN – International Union for Conservation of Nature

K

KPI – Key Performance Indicators
 kWh – Kilowatt Hour

L

L&D – Learning and Development
 LKR – Sri Lanka Rupee
 LTI – Lost Time Injuries
 LTIFR – Lost Time Injury Frequency Rate

M

MJ/t – Megajoule per ton
 MML – Middle Management Level
 Mn – Million
 MoU – Memorandum of Understanding

MT – Metric tonnes / Tonnes
 MTI – Medical Treatment Injuries

N

NAITA – National Apprentice and Industrial Training Authority
 NBRO – National Building Research Organisation
 NDDCB – National Dangerous Drugs Control Board
 NIOSH – National Institute of Occupational Safety and Health
 NKBS – Non-Kiln Based Solutions
 NML – Non-Management Level
 Nos – Numbers
 NPS – Net Promoter Score
 NVQ – National Vocational Qualification
 NWSDB - National Water Supply and Drainage Board

O

OHS – Occupational Health & Safety
 OHSAS – Occupational Health and Safety Assessment Series
 OHSMS - Occupational Health & Safety Management System
 OPC – Ordinary Portland Cement

P

PME – Preventive Maintenance Engineers
 PNB – Police Narcotics Bureau
 PPF – Pre-processing Facility

R

R&D – Research & Development
 RFID – Radio Frequency Identification Device
 RMX – Ready-Mix
 RO – Reverse Osmosis
 RSM – Regional Sales Manager

S

SCCC – Siam City Cement Public Company
 SCCCL – Siam Cement Company (Lanka) Limited
 SCoC – Supplier Code of Conduct
 SDF – Sludge-drying Facility
 SDGs – Sustainable Development Goals
 SEEC – Specific Electrical Energy Consumption

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