

# BUILDING A SUSTAINABLE NATION

INSEE CEMENT SRI LANKA  
Sustainability Report 2018









# BUILDING A SUSTAINABLE NATION

As Sri Lanka's foremost cement manufacturer, at INSEE we are an integral part of Sri Lanka's growing infrastructure. Our impact spreads far and wide, and therefore we remain mindful of all we do – ensuring that we stand firm on our corporate pillars of credibility, people and culture, and responsibility. We are driven by our commitment and dedication towards the people, communities and environment around us. That's why, in all we do, we strive to go above and beyond the call of duty, harnessing our every strength towards building a sustainable Nation.



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## How to read this report:

Across this report we have referred to our Corporate pillars (what we stand firm on) and the Global Reporting Initiative (GRI) standards in sections where relevant. They can be identified as follows:

GRI:

INSEE Cement Sri Lanka's Corporate pillars

Credibility

Responsibility

People & Culture



For more information on  
INSEE Cement Sri Lanka please visit  
[www.siamcitycement.lk](http://www.siamcitycement.lk)





Responsibility

People & Culture

## VISION

We will continue to build on our long heritage of shared loyalty, creating trusting relationships with our business partners, our people and our community. We want to achieve the best value and a sustainable future for all our stakeholders.

## MISSION

Siam City Cement provides world class construction materials and services that are vital to economic growth in Thailand and the wider region. Combining sustainability and innovation, we strive for operational excellence and to exceed the expectations of all our stakeholders. Our reputation is built on outstanding performance in the quality of our products and customer service, the dedication and skill of our employees, our respect for the communities in which we operate and our ambition to set the standards for the industry of tomorrow.

## OUR COMMITMENTS

### Working as a team

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

### 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.

### Challenging conventions

We are imaginative and always open to new ideas. We approach every business challenge with enthusiasm and strive to deliver innovative solutions beyond expectations.

### Caring about our future

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

GRI : 102-16

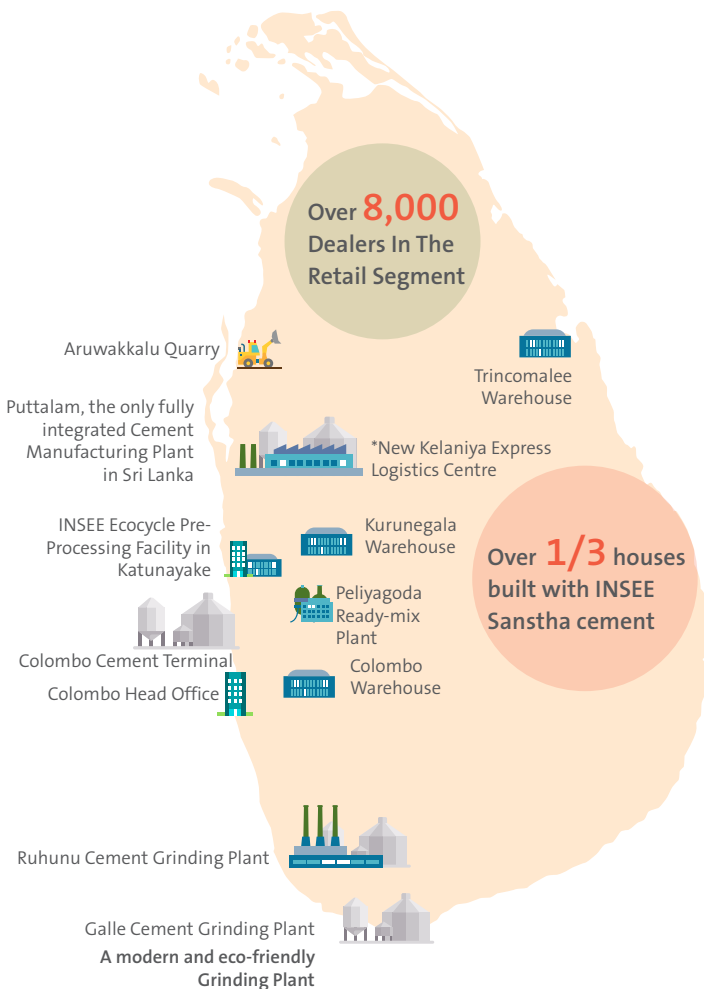
# ABOUT INSEE

## About Our Company

Siam City Cement (Lanka) Limited, also known as INSEE Cement Sri Lanka, is the only fully-integrated cement manufacturer in the country. With cement manufacturing facilities in Puttalam and Galle, a cement terminal at the Colombo Port and a concrete batching plant in Peliyagoda further strengthened with a widespread distribution network island-wide, INSEE Cement has captured a majority stake in the local market and consolidated its position as the most preferred cement manufacturer in Sri Lanka.

INSEE Cement Sri Lanka fully owns one subsidiary – INSEE Ecocycle Lanka (Private) Limited – and owns 90% of the ordinary shareholding of Mahaweli Marine Cement (Private) Limited.

## Our Presence In Sri Lanka



## Assets & Resources



INSEE Cement GRINDING CAPACITY is **2.7 Mn** tonnes per annum

- Fully integrated PLANT with **1.3 MN** tonnes per annum, RUHUNU GRINDING PLANT with **1.0 MN** tonnes per annum and GALLE GRINDING PLANT with **0.4 MN** tonnes per annum
- Only operational domestic deposit of limestone in Sri Lanka



Colombo Cement Terminal **0.8 MN** tonnes per annum



The Company manages three WAREHOUSES in Colombo, Kurunegala and Trincomalee

### 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 - (OHSAS) 18001 : 2009

#### Ruhunu Cement Plant

Testing & Calibration - ISO 17025

#### Galle Cement Plant

First LOESHE Vertical Cement Grinding Plant in Sri Lanka

#### Puttalam Cement Plant

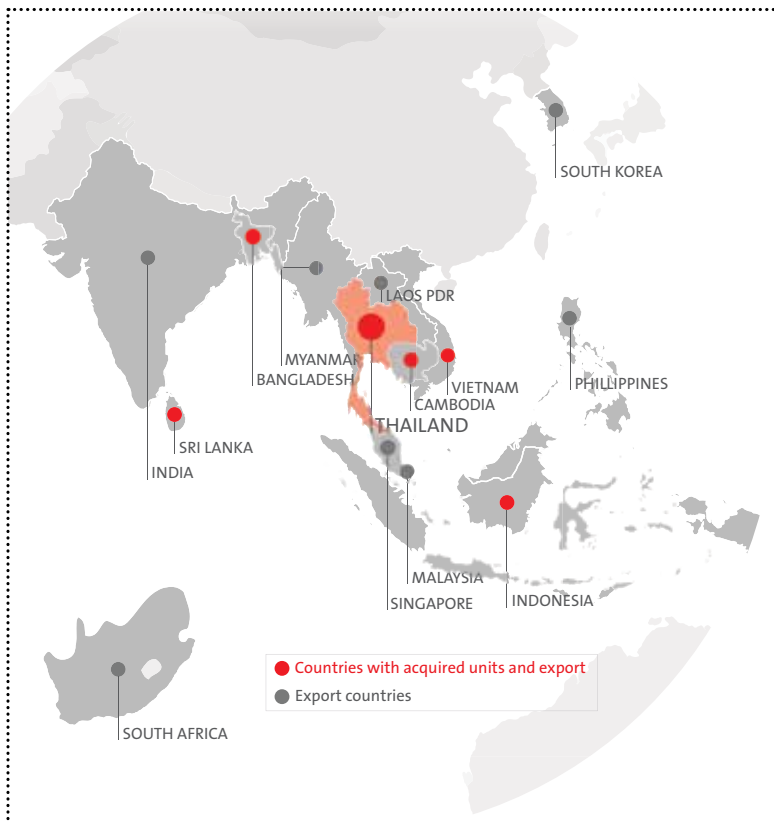
Energy Management System - ISO 50001 : 2011  
Testing & Calibration - ISO 17025

**Our Footprint in Sri Lanka**

- Colombo Head Office
- Puttalam Cement Plant – Sri Lanka’s only fully-integrated cement plant
- Ruhunu Cement Plant – Grinding station
- Galle Cement Plant – Grinding station
- Import Cement Terminal Colombo Port
- Aruwakkalu, limestone quarry
- Warehouses in Colombo, Trincomalee and Kurunegala
- New Express Logistics Centre in Kelaniya
- Northern Colombo Batching Plant (Ready-mix) in Peliyagoda
- INSEE Innovation & Application Centre in Peliyagoda
- INSEE Ecocycle Pre-Processing Facility in Katunayake

With 2.7 million tonnes of local production capacity and 0.8 million tonnes of cement import capacity annually.

**INSEE Footprint in Region**



**About Our Parent Company**

Siam City Cement Public Company Limited, the region’s most aggressively expanding manufacturer of cement, aggregates and other construction material.

Founded in 1969 in Thailand, the Siam City Cement Company is today a leading cement producer in Southeast Asia. Drawing on almost five decades of operational excellence, the Siam City Cement Company (SCCC) is powered by an exceptionally skilled 4,000-member strong team, engaged in manufacturing the globally – demanded INSEE Cement brand. SCCC’s cement manufacturing facility in Saraburi, Thailand is the largest cement production complex in the world, meeting escalating construction needs of the region.

SCCC also produces Ready-Mixed concrete and aggregates, cement-based building and decorative material as well as lightweight concrete solutions. Having introduced eco-friendly waste management, wood replacement and power generation alongside a comprehensive construction solutions portfolio, SCCC has also expanded into other business verticals such as information technology and digitised business services.

The Company’s long-standing reputation is built on the quality of products and customer service, the dedication and skill of their employees, the Company’s endorsement of the communities in which they operate and their ambition to set the industry benchmark for the future.

With an aggressively growing regional presence, SCCC operates across multiple countries in terms of ‘acquired units’, ‘exports’ and ‘joint ventures’.

**Countries with acquired units and export**

- Thailand, Vietnam, Bangladesh, Sri Lanka

**Export countries**

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

**Joint ventures**

- Cambodia

# OUR MILESTONES

**1967**

Ruhunu Cement Plant was established in Sri Lanka.

**1969**

Siam City Cement Public Company (Parent Company) founded in Thailand.

**1969**

Puttalam Cement Plant was established in Sri Lanka.

**1977**

Siam City Cement Company – Publicly listed in Thailand.

**2018 – JANUARY**

Launch of a new product – **CONWOOD** by INSEE  
CONWOOD is popular in Thailand and Indonesia as a concrete-based substitute for wood.

**2018 – JULY**

INSEE Ecocycle Lanka (Pvt) Ltd. moved as a separate legal entity. Diversifying the Ecocycle business into non-Kiln-based environment solutions.





<p><b>1980</b></p>	<p><b>1999</b></p>	<p><b>2016</b></p>	<p><b>2017</b></p>
<p>Colombo Cement Terminal was established.</p>	<p>Galle Cement Terminal was established in Sri Lanka.</p>	<p><b>Siam City Cement Company invested in Sri Lanka.</b> The birth of INSEE Cement or Siam City Cement (Lanka) Limited.</p>	<p><b>Commissioning of Sri Lanka's First Cement bag palletiser</b> at the Ruhunu Cement Plant.</p>
<p><b>2018 – AUGUST</b></p>	<p><b>2018 – AUGUST</b></p>	<p><b>2018 – OCTOBER</b></p>	
<p><b>Launch of INSEE Concrete Ready-mix Plant in Peliyagoda.</b></p>	<p><b>Converting Galle Cement Terminal into New Galle Cement Grinding Plant</b> Around USD 16 Mn investment for a modern and eco friendly grinding plant.</p>	<p><b>Launch of New Logistics Centre in Kelaniya</b></p>	

Siam City Cement Public Company – the parent company – has the world’s largest cement manufacturing plant in Saraburi, Thailand, and is a specialist in Ready-Mix Concrete



# ABOUT THE REPORT

## Introduction

This is the first GRI-based Sustainability Report published by INSEE Cement Sri Lanka, following the acquisition of the Company by Siam City Cement Public Company (SCCC) of Thailand in late 2016. In 2017, which was a transitional year for INSEE Cement Sri Lanka, a sustainability report was not published as all efforts in that year were focused on aligning and integrating INSEE's goals with that of the parent company – SCCC. Going forward, we expect to further streamline our reporting process with the aim of publishing a Sustainability Report annually.

## Reporting Entity

Siam City Cement (Lanka) Limited, also known as INSEE Cement Sri Lanka ("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 in No. 413, R. A. De Mel Mawatha, Colombo 3.

## Immediate and Ultimate Parent Entity

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

## Scope and Boundary

This Sustainability Report aims to showcase the Company's continuous and ongoing efforts towards improving its disclosure of triple bottom-line performance for the 2018 financial year, which runs from 1<sup>st</sup> January to 31<sup>st</sup> December. Accordingly, the key facts and figures included in this report correspond to those in the Consolidated Audited Financial Statements of the company.

## Report Content

Preparation of the Report has been an in-house effort led by the INSEE Cement Sri Lanka Company Communications and Reputation team, with responses from the various departments collected and considered for this purpose. The Report, including all its content, is an outcome of the combined efforts of all respondents.

The content of the report has been structured according to the GRI Standards of the internationally-recognised Global Reporting Initiative (GRI) and conforms to the requirements of the "Core" option of the said GRI Standards. In doing so every effort has been made to adhere to the GRI principles relating to sustainability context and completeness.

In 2019 the Company expects to conduct a formal materiality study to determine material topics that would impact INSEE's



INSEE Cement Sustainability Report 2018, the first-ever GRI-based and externally-assured Sustainability Report published by the company.

triple-bottom-line performance. To further complement the effort, a Sustainability Performance Analyser Dashboard will also be introduced in 2019 to monitor and drive GRI-based sustainable performance.

The financial performance reported herein for the year ended 31<sup>st</sup> December 2018, include the consolidated financial performance of INSEE Cement Sri Lanka, referred to as the "Company".

## Assurance

The Company has adopted a combined assurance approach, where the report content is reviewed and approved by the Company Communications and Reputation team, and the Chief Executive Officer of INSEE Cement Lanka.

In addition, an independent assurance is provided by Ernst and Young, Chartered Accountants (refer pages 83, 84 ) on the GRI-based indicators and related content in this report.

## Disclaimer of Liability

While we have taken due care in preparation of a comprehensive, transparent and accurate Sustainability Report, we acknowledge that we might have missed certain topics that may be deemed relevant by our stakeholders. We welcome feedback and suggestions on such topics, which can be directed to;

Manager, Company Communications and Reputation of INSEE Cement, Sri Lanka

Email: [inseecement.communications@siamcitycement.com](mailto:inseecement.communications@siamcitycement.com)



# ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS



- Job creation.
- Fair and equitable remuneration and benefits.
- Safe work environment, equal opportunity in employment.
- Supplier development.



- Medical benefits for employee families.
- Community Wellness.
- Employee and community awareness training on effects of drugs, narcotics and alcohol.
- Training on road safety for employees, drivers and community.
- Reduction targets on GHG/air emissions.



- Supporting children's access to education.
- Supporting employee education.
- Vocational training and internships for the community.
- Supporting employees to further their education.
- Partnerships with educational institutions for continuing education of employees and the community.



- Promoting women in the workplace.
- Zero-tolerance policy towards all forms of violence and sexual harassment.
- Ensuring all workers – women and men have an equal voice in workplace, including grievance mechanisms.



- Community access to clean water.
- Minimising negative impact on water quality through water treatment, reuse/recycling and zero discharge.



- Co-processing technology to generate alternative energy.



- Direct economic value generated and distributed to employees, suppliers and shareholders.
- Taxes and customs duties paid to the government.
- No to child labour, forced labour, modern slavery and human trafficking in operations.
- Indirect employment opportunities.



- Investments in industry-leading infrastructure to improve downstream efficiency.
- Research and development to produce sustainable construction material with a low carbon footprint.
- Use of technology to develop ground-breaking waste management solutions.



- Equal remuneration for men and women.
- Equal opportunities for all employees to receive training and career development.



- Supporting the development of sustainable construction material.
- Focus on road safety.
- Local sourcing.



- Implementing circular business models by using waste to generate renewable, bio-fuel etc
- Reporting of sustainability and impacts.
- Product life-cycle assessment in order to support ongoing efficiency improvements.



- Aligning with all environmental compliance regulations.
- Disclosing GHG emissions (Scope-1), energy consumption, climate risks and opportunities.
- Establishing GHG reduction targets in line with the goals of the Paris Climate Agreement.
- Raising awareness among stakeholders through community-based environment projects.



- Complying with all environmental regulations pertaining to the protection of marine life and coast conservation.
- Raise awareness among local communities.
- CSR initiatives to restore marine ecosystems.



- Rehabilitating lands impacted by business operations.
- Protecting natural habitats and biodiversity through land re-mediation and rehabilitation, habitat protection and restoration.
- Engaging the community in environmental conservation activities.



- No anti-competitive behaviour.
- Support for human rights, including freedom of expression.
- Continuous and ongoing stakeholder engagement.



- Adoption of globally-accepted best practices for sustainable development.
- Collaborating with the government, local authorities, non-governmental organisations and the private sector to carry out joint development initiatives.

# CHAIRMAN/CHIEF EXECUTIVE OFFICER'S MESSAGE







Sustainability has been ingrained in our DNA and is an integral part of our identity. Over the years we have worked diligently to incorporate sustainability into everything we do. Our goal is to be sustainable on all fronts; economic, environmental and social. To put this in perspective; we have continued investing in product and process innovations to develop sustainable construction solutions.

Similarly, we focus on minimising our business risks by working to reduce the negative impacts of our activities on the environment, where we emphasise biodiversity conservation as a key priority. We also remain committed to bring about broader social change across our country by investing in our own people, as well as working for the betterment of underprivileged communities in and around our cement plants. In this context, livelihood development, community education especially drug awareness program for children and water and sanitation systems remain our main priorities. Stakeholder engagement plays a vital role in driving our community efforts. We have put together a Community Advisory Panel at each plant specifically for the purpose of engaging with our community stakeholders to gain a deeper understanding of their needs which in turn helps to determine the scope and scale of INSEE intervention under each of priority area.

To further demonstrate our support towards the broader context of sustainability, INSEE has more recently looked to sharpen its alignment with the United Nations Sustainability Development Goals that were put forth as part of the UN's 2030 agenda for Sustainable Development.

Our purpose is to make a meaningful contribution towards building the nation for the benefit of the present and future generations of Sri Lankans. To bring this commitment to life, we focus on five key pivots;

“ **Innovation plays a major role in advancing our green ethics. Over the years we have made a concerted effort to seek out new and more innovative products and solutions to minimise INSEE's carbon footprint as well as to promote mainstream green ethics among the end-user.** ”

# CHAIRMAN/CHIEF EXECUTIVE OFFICER'S MESSAGE

Credibility Responsibility People & Culture



INSEE Group signs MoU with IUCN to enrich biodiversity in Asian quarries in December 2018.

### 1. Passion for Quality

Quality is synonymous with the INSEE brand. Renowned for the superior performance and consistent quality, our products have earned the trust and confidence of millions of Sri Lankans. We believe this to be the result of our focus on total quality management. As a trusted cement manufacturer for over five decades, our focus on quality is not limited to our products alone, but cascades across every element of our value chain.

In 2018 we made several investments to enhance the quality testing facilities at our Cement Plants and Innovation and Application (I&A) Centre. We also revisited our internal quality frameworks as part of our ongoing improvement program and introduced several quality dashboards to further broad base our quality benchmarks over and above the guidelines set out under the ISO 9001 Quality Management Standards.

### 2. Desire to Innovate

Innovation is a vital component of INSEE's business ethos and hence is undertaken as part of our routine operations. Leveraging on the synergies offered by our I&A Centre, our innovation strategies have always been bold and have often led to ground-breaking developments that complement our efforts to promote sustainable construction material.

The launch of the superior blended cement range to the local market is one such industry-leading initiative that reflects INSEE's innovative spirit. Another significant development that demonstrates our deep-seated desire to innovate was the new alternative energy solution provided under the Ecocycle waste management initiative, which has been responsible for a 34% reduction in our non-renewable energy usage.

Further, recently we launched a product named 'Conwood' which is a lightweight cement product and a sustainable alternative for wood.

### 3. Commitment to Health & Safety

INSEE's commitment to safety is absolute. We strongly advocate a Zero Harm policy, and follow a top-down approach to ensure safety is ingrained into our leadership principles and strictly enforced across all aspects of our business.

Moreover, we are fully committed to upgrading our systems in line with industry-best safety standards. These efforts are further supported by Health and Safety audits as well as Safety Awareness and Competency Development Programs aimed at strengthening our safety culture. I am pleased to announce that thanks to these proactive efforts, our safety record has remained one of the best in the local cement industry for over two decades.



After INSEE Group taking over operations in 2016, infrastructure investments amounting to approximately USD 47 Million in direct investment have been made for capacity expansion and new product solutions.



“ As a premier in the local cement industry, we will continue to leverage on our passion for quality and the desire to innovate, while strengthening the commitment to health and safety and reinforcing our green ethics. At the same time, we will remain fully committed to enriching and empowering the lives our own people and the communities that we serve today as well as in the future. ”

#### 4. Upholding Green Ethics

Green ethics are a key component of INSEE's sustainability agenda. We have always accepted our responsibility towards the environment and continued working to minimise the risks to the environment caused by our business. Improving the environmental credentials of our operations is therefore a continuous and ongoing process throughout our business.

Accordingly, we take a proactive approach to ensure each business unit remains fully engaged in reducing dust emissions and improving energy efficiency at our respective sites. At the same time we have intensified our efforts towards biodiversity conservation through our responsible quarry operations, quarry rehabilitation and animal rescue program carried out at our Aruwakkalu quarry and coral restoration initiatives in Southern Coastal area.

Innovation plays a major role in advancing our green ethics. Over the years we have made a concerted effort to seek out new and more innovative products and solutions to minimise INSEE's carbon footprint as well as to promote mainstream green ethics among the end-user. To demonstrate our commitment, in 2018, INSEE initiated an industry-wide shift towards superior blended cement product portfolio which is a high performance, durable cement that also carries a substantially lower CO<sub>2</sub> footprint and drives energy efficiency, making it a more eco-friendly solution for customers and the environment.

#### 5. Enriching Our People and Community

As a responsible corporate citizen, we continue to invest in our employees to ensure they benefit from the best possible outcomes throughout their employment life-cycle. In 2018 special emphasis was placed on refocusing our learning and development model to give our employees more opportunities to grow. In doing so we also aim to strengthen INSEE's leadership pipeline by developing leaders at all levels of the organisation. The INSEE Academy's flagship Executive Leadership Development program continues to remain the key enabler in creating this regard.

Our community initiatives bear a close link to our core business. Our youth vocational training program which is operationalised through a MoU with INSEE's Enterprise Based Vocational Education (EVE) Training Centre and the National Apprentice and Industrial Training Authority (NAITA), provides opportunity for youth in the Puttalam area to obtain an National Vocational Qualification Level 4 in industrial mechanics supported by practical training at our Puttalam Cement Plant. The Institution for Engineers, Sri Lanka (IESL) – INSEE Concrete Challenge is yet another important social initiative which provides a platform for knowledge dissemination and experiential, innovation-based learning among undergraduates from local universities.

#### Our Future Focus

As our country continues to grow and evolve, so too will the challenges facing our business and society. In order to respond to these challenges effectively in the future, I believe it is imperative that INSEE continues to reorient the sustainability strategy in order to serve the long-term interests of the company, while balancing our commitments to the environment and the wider community in the years ahead.

As a premier in the local cement industry, we will continue to leverage on our passion for quality and the desire to innovate, while strengthening the commitment to health and safety and reinforcing our green ethics. At the same time, we will remain fully committed to enriching and empowering the lives our own people and the communities that we serve today as well as in the future.

Our aim is to create a sustainable future for all our stakeholders, which will demonstrate our commitment to the vision of 'Building the Nation'.



**Nandana Ekanayake**  
Chairman/Chief Executive Officer

11<sup>th</sup> July 2019  
Colombo

# BUILDING THE NATION WITH RESPONSIBILITY

## Sustainability Vision

At INSEE, we focus on sustainability from its three dimensions: economic, environmental and social and measure our performance in terms of the triple-bottom-line value created for our stakeholders and the wider community. Premised on this every decision we make and every action we take is designed to reflect INSEE's commitment to "build the nation" for our people, environment and the sustainable construction.

Sustainable business practices are an integral part of the way we operate. For us this means adhering to the highest standards of business ethics, committing to a "safety first" policy towards all stakeholders, playing an active role in the communities where we operate and minimising the impact of our business operations on the environment.

## Sustainability Governance

Since the organisational restructure in the early part of 2018, sustainability governance has been more or less decentralised, with the respective site leadership providing oversight for the implementation of sustainability initiatives under their area.

However, towards the latter part of 2018 we began the groundwork to establish a formal sustainability governance structure. The first phase of this effort, which we expect would be kicked off in mid-2019 would see a combination of both centralised and decentralized structures, while phase 2 would involve developing a suitable governance structure using the learnings from the phase 1 implementation. Under the new structure the CEO and Executive Committee members would remain the designated authority providing oversight for the management of economic, environmental and social sustainability across the organisation. The CEO and EXCO's responsibilities in this regard will also include reviewing and approving the company's Sustainability Report prior to it being published. In this manner we expect our Sustainability Governance Structure to provide a solid foundation for developing and anchoring our sustainability strategy and targets at all levels of the business. It will also need to ensure that we focus on embedding sustainability into the business by implementing decisions in the relevant operational areas, and supports the delegation of responsibilities for proper execution of strategic sustainability initiatives.

## Risk Management Framework

Our Sustainability Risk Framework is designed to mitigate the potentially negative effects of our business and also to identify potential opportunities to improve environmental and social practices. Through this process we undertake to evaluate our operations in relation to areas that are not seen as typical business risks, such as anti-corruption practices, human rights practices, energy consumption, emission of greenhouse gases, waste management, alternative fuels, biodiversity, etc.

By taking cognisance of these social and environmental risks and their financial outcomes, we are motivated to develop new and better products and to increase the effectiveness of our processes in order to safeguard our business in the long term.

To support our Risk Management Framework we promote a culture of ethics and integrity, and expect all our employees to strictly comply with our Anti-Corruption Policy. As a result, there were no reported cases of corruption in 2018.

We extend the same risk parameters to measure suppliers as well and expect all our suppliers to make a formal contractual commitment to INSEE's Code of Business Conduct in order to confirm that their operations are free from Child Labour, free of forced or compulsory labour and have not been subject to any other form of human rights violation.

## Stakeholder Engagement

2017/18 Being a year of management transition, a stakeholder engagement study was not conducted as part the routine business activities. Despite this however we do engage with our stakeholders on a regular basis. These efforts are summarised in the following table. Going forward, we have drawn up a formal plan to engage with selected stakeholder groups in 2019 to evaluate the corporate brand equity and to understand their perceptions regarding INSEE as a partner.

INSEE has identified four key stakeholder groups with whom we engaged regularly throughout the year. Our employees are the life-force of the company and we ensure their needs are met; we also continue to engage with the surrounding communities in the areas we operate, enhancing their livelihoods and quality of life; our customers define our success, and as always remain a priority - thus we consistently share knowledge and uphold satisfaction through quality and continuous improvement; and we continue to engage and build our relationships with business partners.

Stakeholders	How we Engage (Frequency of Engagement)	Why we Engage – General Concerns/ Responses
<p><b>1. Customers</b></p> <p>Individual home builders, masons, engineers, construction companies (B2B)</p>	<p>Product brand equity study (ongoing),</p> <p>Customer satisfaction quality assessment (Net Promoter Score) – (ongoing)</p> <p>Awareness sessions (regularly)</p> <p>Mason meets (quarterly)</p> <p>Knowledge sharing sessions (regularly)</p> <p>Innovation and Application (I&amp;A) Centre knowledge sharing sessions (as required)</p>	<p>Understanding customer needs</p> <p>Identify opportunities to improve service quality</p>
<p><b>2. Communities</b></p> <p>Local communities in Galle and Puttalam</p>	<p>Community advisory panel meetings at plant locations (annually)</p> <p>Village Sinhala/Tamil new year activities</p> <p>CSR community projects monitoring (ongoing)</p> <p>Regular meetings with local authorities and community leaders (ongoing)</p> <p>CSR programs (ongoing)</p>	<p>To create shared value and responsibly utilise shared resources</p> <p>To enhance livelihoods and facilitate the infrastructure development needs of the community especially students, to provide solutions for community needs based on the following:</p> <ul style="list-style-type: none"> <li>• Livelihood development</li> <li>• Clean water and sanitation</li> <li>• Education</li> <li>• Environmental conservation</li> </ul>
<p><b>3. Employees</b></p> <p>This includes our full-time employees from non-management level to the top management level</p>	<p>Staff meetings (weekly/monthly)</p> <p>Safety meetings (monthly)</p> <p>Workplace by Facebook digital platform (continuous) ,</p> <p>Video messages from Chairman/CEO (monthly)</p> <p>Employee communication forums (quarterly)</p> <p>Management meeting to align and set company goals at an organisational level (annual)</p> <p>Performance review process (bi-annual/annual)</p> <p>Speak up line (continuous)</p> <p>Open Door Policy (continuous)</p> <p>Joint Consultative Committee meetings (ongoing)</p> <p>Team building activities (regularly)</p> <p>CSR engagement events (continuous)</p> <p>Sports and cultural activities (as required)</p>	<p>To identify and meet employee needs to ensure all employees are motivated and remain fully satisfied regarding their current status and future prospects in the Company</p>
<p><b>4. Business Partners</b></p> <p>Dealers, distributors and other suppliers (manufacturers, consultants, construction companies, labour and third-party services, traders from local and overseas, Government bodies and regulators</p>	<p>Dealer meetings (monthly)</p> <p>Performance reviews (annually)</p> <p>Review meetings (annually)</p> <p>Meetings (as needed)</p> <p>Audit reviews (annually)</p> <p>Events (as required)</p>	<p>Build sustainable relationships that will ensure mutual benefit</p> <p>Work for the betterment of the industry especially through greater knowledge sharing</p>



# BUILDING THE NATION WITH RESPONSIBILITY

Responsibility

## Materiality Determination

The base component of our Sustainability Strategy is the materiality determination, done with the aim of identifying and prioritising the areas that require immediate action. At present we don't have a formalised materiality determination program and the topics deemed material for 2018 are those that have been classified as priority issues, relevant issues and maintenance/emergent issues within our current business

model. Therefore, there is no comparative benchmark to identify changes in material topics and topic boundaries from previous years.

A formal materiality study is planned for 2019, which we expect will offer greater clarity on the areas that can be mapped as material in the traditional sense; vis-a-vis relevance to the stakeholder and the business.

## Priority Issues

	Topic Boundary
Occupational Health & Safety (GRI : 403)	Internal
Brand Leadership	Internal and External
Quality	Internal and External
Compliance (GRI : 419, 307)	Internal and External
Innovation	Internal and External
R & D	Internal
Training and Development (GRI : 404, 412)	Internal

## Relevant Issues

	Topic Boundary
Sustainable Construction Solutions (GRI : 201)	Internal and External
Infrastructure Investment (GRI : 203)	Internal
Energy Management (GRI : 302)	Internal
Water Management (GRI : 303)	Internal
Effluents and Waste Management (GRI : 404, 412)	Internal
Emission Control (GRI : 305)	Internal and External
Biodiversity Conservation (GRI : 304)	Internal and External
Community Outreach (GRI : 413)	External
Community Grievance Handling	Internal and External
Contributing to the Circular Economy	Internal and External
Alignment with SDGs	Internal and External
Materials (GRI : 301)	Internal

## Emergent/Maintenance

	Topic Boundary
Marketing and Promotion (GRI : 417)	Internal and External
Customer Complaints	Internal and External
Motivation and Team Spirit	Internal
Work-Life Balance	Internal
Diversity and Equality (GRI : 405)	Internal and External
Supplier Social and Environmental Assessment (GRI : 308, 408, 409, 414 )	Internal and External
Supplier Development	Internal and External
Local Sourcing (GRI : 204)	External
Employee Relations (GRI : 401, 407)	Internal and External
Benefit Structure (GRI : 401)	Internal
Performance Management (GRI : 404)	Internal
Grievance Handling	Internal
Employee Satisfaction	Internal
Employee Volunteerism	Internal and External
Recruitment and Selection (GRI : 406)	Internal
Anti-Corruption (GRI : 205)	Internal
Anti-Comparative (GRI : 205)	Internal

GRI : 102-46, 102-47, 102-49, 103-1

# FOCUS ON SUSTAINABILITY

Stemming from our Material Matters we have identified eight Strategic Imperatives that drive our business focus.



### Safety First

- Occupational Health and Safety



### Industry Leadership

- Brand Leadership
- Sustainable Construction Solutions
- Compliance
- Alignment with Sustainability Development Goals (SDG's)



### Driving National Growth

- Infrastructure Investment
- Contribution to the Circular Economy



### Serving our Customers

- Innovation
- Research and Development
- Quality
- Marketing and Promotion
- Customer Complaints



### Building our Team

- Training and Development
- Motivation and Team Spirit
- Work-Life Balance
- Diversity and Equality
- Employee Relations
- Benefit Structure
- Performance Management
- Grievance Handling
- Employee Satisfaction



### Strengthening Partnerships

- Supplier Social and Environmental Assessment
- Supplier Development
- Local Sourcing



### Working for the Community

- Community Outreach
- Community Grievance Handling
- Employee Volunteerism



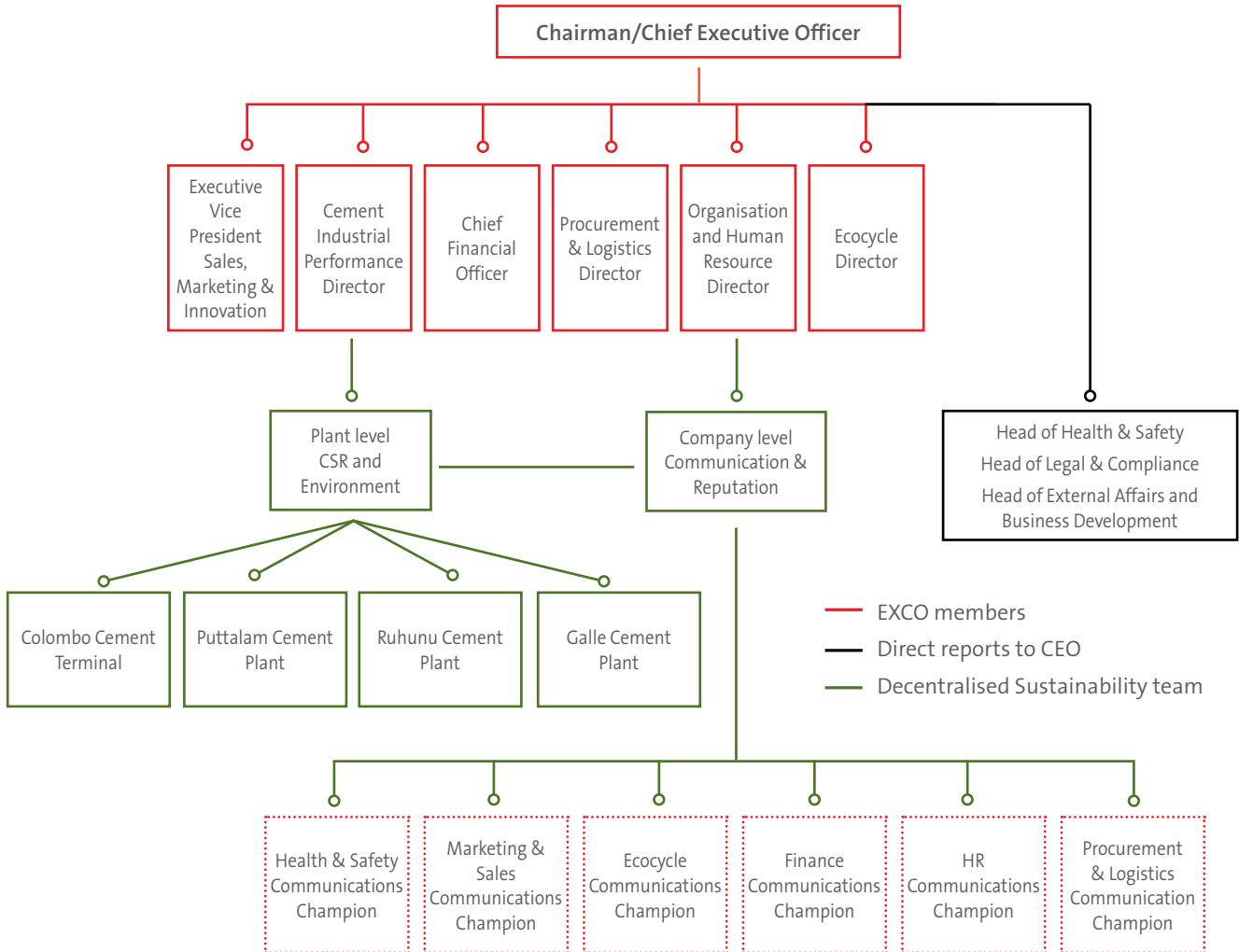
### Commitment to the Environment

- Energy Management
- Water Management
- Effluents and Waste Management
- Emission Control
- Biodiversity Conservation

# FOCUS ON SUSTAINABILITY

Responsibility

## Sustainability & Governance



After being acquired by SCCC, INSEE Sri Lanka was subject to an internal restructure exercise to realign the Company’s management structures and create a “Fit for Future” organisation. As part of this new restructuring effort, the scope of the Sustainable Development team was decentralised in 2018 and replaced with a more practical two-tiered structure to ensure more effective planning, monitoring and control over sustainability aspects within the Company. Accordingly, plant-level sustainability efforts are now driven by a designated CSR & Environment Manager appointed for each plant. As part of their responsibility, the CSR and Environment Managers at the Puttalam, Ruhunu and Galle cement plants are required to drive plant environment efficiencies at operational level and work towards strengthening community engagement in and around plants.

Meanwhile Company-level initiatives have been brought under the purview of the Company Communications and Reputation Manager at the INSEE Head Office. The Company Communications and Reputation Manager directly reports to the O&HR Director and works closely with Chairman/ CEO to drive and realign sustainability initiatives in line with the Company’s vision. The Company Communications and Reputation Manager is assisted by Communication Champions appointed to promote and drive the employer and corporate value propositions at a functional level. Communications Champions are nominated by the Executive Committee members.

In 2019, a formal reporting structure will be introduced to drive sustainability indicators across the organisation, with sustainability champions appointed to monitor and drive sustainability performance indicators across all business units and departments within the Company.

GRI : 102-18



**Affiliations**

INSEE represents and actively participates in industry forums and upholds affiliation to the following organisations:

Organisation	INSEE's involvement
Global Cement and Concrete Association	Member Organisation
Sri Lanka Thailand Business Council	Committee Member
Chamber of Construction Industry, Sri Lanka	Council Member
Biodiversity Sri Lanka	Patron Member
Greater Mekong Business Council, Sri Lanka	Committee Member
CSR Sri Lanka	Member Organisation
Asia Pacific Alliance for Disaster Management, Sri Lanka	Member Organisation



INSEE team at the School drug awareness program in Puttalam



INSEE team and the project partners at the coral restoration program in Galle



INSEE Sustainability and Volunteers at the Annual Animal Rescue Programme in Aruwakkalu

# SAFETY FIRST

People & Culture



Safety Officer at work

## SAFETY IS OUR NUMBER ONE PRIORITY

At INSEE, we believe that safety is a fundamental right of every person. Therefore, our entire outlook on safety is defined by the intense desire to cause “zero-harm to all stakeholders”.

Safety is one of our main corporate values and as such it permeates into every aspect of our business through a robust safety model, which is further reinforced through a top down commitment led by our parent company – Siam City Cement Public Company in Thailand.

We strive to ensure our safety systems are above par and in doing so look to comply with all Safety Laws and Regulations, in addition to making elective commitments in certain specific areas. As the only fully integrated cement manufacturer in Sri Lanka, we want our safety standards to be the benchmark that others in our industry aspire to follow.

## ON-SITE SAFETY

In our industrial setting, the safety of our employees and contractors is a primary concern. To emphasise on its importance the INSEE Cement Lanka’s Executive Committee (EXCO) has declared “Zero Harm to People” to be the ultimate goal of the company’s Occupational Health and Safety (OHS) programme.

The strategy to achieve and maintain this goal is driven by the PYRAMID framework, a comprehensive OHS Management System developed in line with the OHSAS 18001 standards. Consisting of series of 19 safety elements or blocks, the PYRAMID system provides a detailed structure for the implementation of the “Zero Harm to People” concept across each of the 19 blocks.

Cascading from the PYRAMID system we have developed several “Fatality Prevention Elements (FPE)” procedures in order to eliminate and/or mitigate micro-level operational risks at each site. Individual goals for each FPE are developed based on routine risk assessment and risk surveys.

The stewardship of each FPE is as follows;



GRI : 102-11, 403-1, 103-2, 103-3

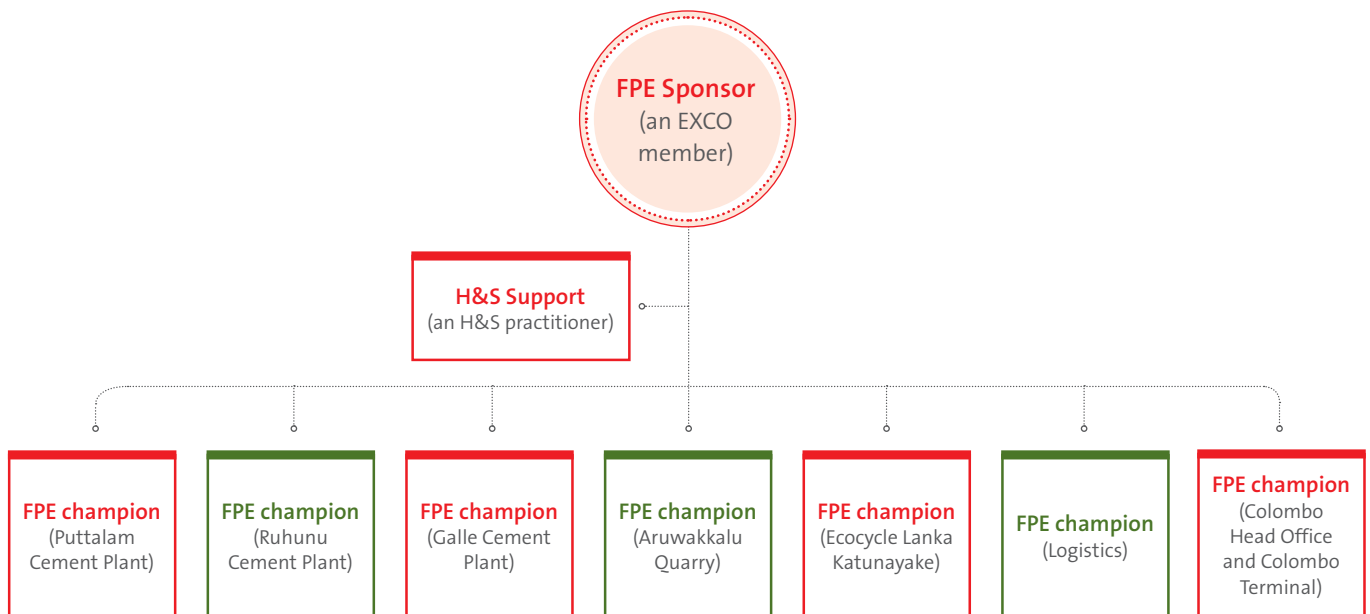


Figure 1: FPE steering committee structure

The duties of the site FPE champion include, among other things; risk identification of their respective FPE area, identifying and facilitating competency needs in respective site, formulating procedural guidelines related to their respective FPE, establishing standards for the design/purchase/fabrication/installation/commissioning of infrastructure related to FPE, identify and facilitate emergency requirements related to FPE as well as planning and executing audits to measure the progress of FPE at each site. The results of these audits are escalated to the Central Safety Committee for further guidance.

The Central Safety Committee, which consists of several EXCO members and Plant Managers, is headed by INSEE Cement Lanka’s CEO. The Central Safety Committee 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. The committee is also required to routinely conduct safety observation tours at all sites, with the findings discussed during the meeting.

Organising and conducting the bi-annual safety drill at the plants also come under the purview of the Central Safety Committee. At the Ruhunu Cement Plant, safety drills are conducted with the assistance of the Local Government Fire and Rescue Unit. However, at our Puttalam Cement Plant, where the closest fire rescue service is at least a few hours away, we have teamed up with community stakeholders in the vicinity, including the tri-forces, the Lakdanavi Power Plant and the Municipal Fire and Rescue Unit to train a robust emergency response team to be deployed until such time the

Fire and Rescue Service arrives. Accordingly, the fire drills at the Puttalam Cement Plant in 2018 were done with the assistance of this emergency response team.

Monthly Safety Subcommittee meetings are conducted at plant level with the participation of representatives from all departments. The Plant Safety Manager presents the monthly OHS presentation and safety proactive and reactive indicators while issues are discussed in an open forum with the participation of the Plant Manager and Senior and Middle Managers as well as team members.

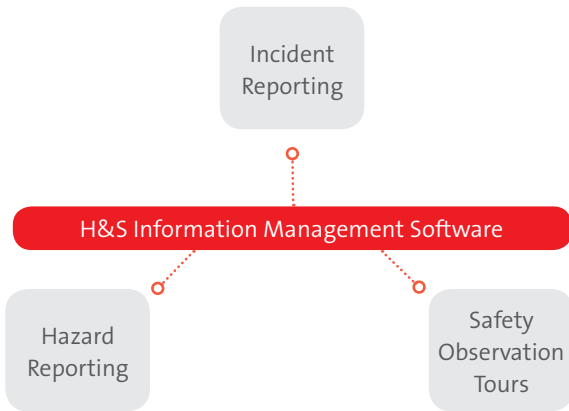
Proactive Safety Reporting is another key feature of INSEE Cement Lanka’s H&S Management System. To emphasise on this commitment, we have invested in a server-based online H&S Information Management Software, which focuses on three activities; Hazard Reporting, Safety Observation Tours and Incident Reporting. To ensure a proactive safety culture permeates across the company, managers at all levels are assigned individual KPIs covering these three areas. Moreover we expect our employees to share in our commitment to enforce safety principles within the Company. To enforce this, 15% of every employee’s KPIs are connected to INSEE Cement Lanka’s Occupational Health & Safety (OHS) standards.

The “OHS Report” mobile application was launched in January 2018, enabling employees to log in and report an incident or a potential hazard in real time, which then triggers an immediate notification to the respective functional owner. Thereafter it is the responsibility of the function owner to close the hazard. The hazard-closing rates are reviewed by the Central Safety



# SAFETY FIRST

People & Culture



Committee and have also now been included as a Key Performance Indicator (KPI) in evaluating the performance of all employees of INSEE Cement Lanka.

Meanwhile all accidents and incidents are investigated by the Accident or Incident investigations Committee, which is led by the Plant Manager and comprises of a cross functional team including the Line Manager, Department Managers, Technical Experts, OHS Manager and at least one employee representative.

Several initiatives were conducted to commemorate Health & Safety Week in November 2018 to emphasise on the importance of building a safety culture among employees. Most notable among them being the special Quiz competition open to all employees including full time and third party employees to give the opportunity to showcase their knowledge on H&S aspects.

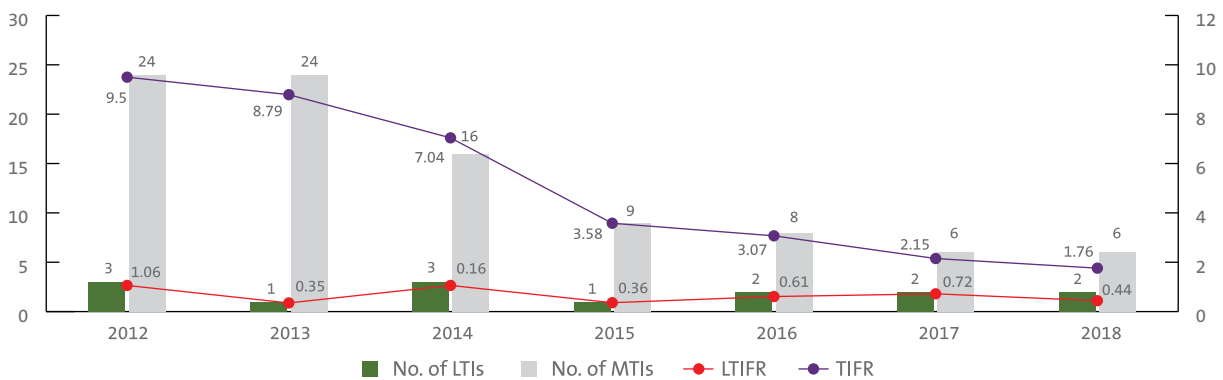
## ROAD SAFETY

As a cement manufacturer, large volumes of our raw material and finished goods are transported by road. In fact, we estimate that our inbound and outbound logistics operations account for approximately 16 million kilometres of road transport activity annually. Being responsible for that much activity on the country's road network, INSEE Cement Lanka understands the importance of ensuring road safety for the benefit of society.



Under our special Road Safety Programme, all drivers are subject to rigorous fitness tests before being recruited. Moreover, they are subject to an Annual Review, to determine their capacity to handle long haul runs. Drivers are also trained in defensive driving which includes a theory examination and a practical session. In addition, all long haul vehicles are inspected once a week to verify if all key safety protocols are met, with confirmation tag issued to each vehicle that completes inspection protocols. At the same time our 24/7 Dispatch Planning and Monitoring Centre monitors speed, location and breaking frequency of all vehicles via GPS.

Y2012-2018 OHS Performance - INSEE Cement Sri Lanka (Employee and Contractor - on site)



**Lost Time Injury Frequency Rate (LTIFR)**

$$LTIFR = \frac{\text{Number of Lost Time Injuries} \times 1,000,000}{\text{Hours worked and paid}}$$

**Total Injury Frequency Rate (TIFR)**

$$TIFR = \frac{\text{Injuries} \times 1,000,000}{\text{Hours worked and paid}}$$

**TIFR: The injuries (number of injured persons) are defined in detail below:**  
 Injuries causing death/Permanent disability  
 Lost time injuries (LTI)  
 Medical treatment injuries (MTI)

GRI : 103-3, 403-2

Extending our commitment to make our roads safer, we rolled out a new ground-breaking initiative to cut down the use of road transport. The model involves migrating to a new Ship-to-Ship Model for the transport of raw material from the Trincomalee port to the Ruhunu Cement Plant. Under this model, raw material consignments are transferred from bigger vessels to smaller vessels within the Trincomalee Port itself. The smaller vessels then travel via sea route to the Galle Port for discharging at shore. This strategy has helped to reduce the need for more than 200 vehicles on the roads between

Trincomalee and Galle at any given time. In terms of distance travelled this equates to approximately 800,000 km per annum.

Meanwhile we also revisited our existing logistics model for the delivery of coal from the Trincomalee Port to Puttalam Cement Plant and made several improvements to this model as well, to reduce the number of vehicles on the roads between Trincomalee and Puttalam Cement Plant. As a result, there has been a dramatic reduction in the number of vehicles utilised in this operation from over 100 two years ago to as little as 20 at present.



Leading the way towards inspiring a new safety-centric business paradigm in Sri Lanka, INSEE Cement Lanka has an active Memorandum of Understanding (MoU) with the National Institute of Occupational Safety & Health (NIOSH) to provide academic and practical training for youth in Occupational Health and Safety (OH&S) sector. NIOSH is part of the Ministry of Labour, Trade Union Relations and Sabaragamuwa Development, which has made it possible for the program to be certified as a NVQ Level-5 Safety Officer Qualification.

Following the launch of the program in 2017, a total of 10 candidates registered for the first intake. Of them eight successfully completed the one-year academic study component and went on to begin working in industry. One such candidate is Chathuranga Manoj Fernando, who is now employed at the INSEE Ready Mix plant as an Operator.

To further consolidate its partnership with NIOSH, INSEE extended its support as the technical consultancy partner for the National Occupational Safety & Health Excellence Awards 2018. This is the third consecutive year in which INSEE has extended its support for this annual event, underscoring the Company's commitment to raise safety standards in the country.



“At the age of 19, I was on the lookout for jobs. But with no certifiable skills, it was proving to be a tough task. It was around this time that I heard from a friend

about the INSEE/NIOSH NVQ Level-5 Safety Officer Qualification program, which led me to register for the program in Sep. 2017.

After completing the academic component and the practical training requirement, I received the NVQ Level-5 Safety Officer qualification in Oct 2018, becoming one of the eight successful candidates from the first intake. I am also very happy to say that I was immediately absorbed into INSEE's full-time cadre and now work as a dispatch officer in-charge of safety and overall operations at the INSEE RMX plant in Peliyagoda.”

**Chathuranga Manoj Fernando**  
Dispatcher, Ready Mix Plant

# INDUSTRY LEADERSHIP



Credibility



**INSEE produces two of the Most Preferred Cement Brands in Sri Lanka – SANSTHA and MAHAWELI MARINE PLUS Cement**

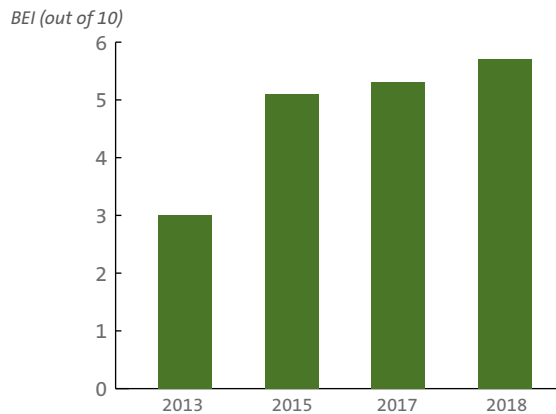
Drawing from a legacy for more than 30 years as the most preferred cement brands in Sri Lanka, INSEE SANSTHA and INSEE MAHAWELI MARINE continue to dominate the local retail market as the most demanded and widely recognised cement brands in the country. In fact, it is estimated that one in every three homes in Sri Lanka is built with INSEE SANSTHA, while INSEE MAHAWELI MARINE PLUS too continues to penetrate and sustain a strong market share in the retail and Concrete Products Manufacturing (CPM) segment.

Our continuous investment into research and innovation, close monitoring of market conditions and consumer behaviour, as well as the unwavering commitment to consistently maintain high product quality, island-wide availability and competitive pricing have all contributed to INSEE Cement achieving and sustaining brand leadership and equity across Sri Lanka in 2018.

Further testifying to this, INSEE SANSTHA was once again voted as People’s Choice Brand of the Year – Housing and Construction at the SLIM-Nielsen People’s Awards 2018, sustaining an eight year winning streak.

Having introduced blended cement for the first time to the local market in 2004 with INSEE SANSTHA – Sri Lanka’s pioneering Portland Limestone Cement – we have persisted in

INSEE Sanstha Brand Equity Index



our mission to elevate the benchmark of the local construction industry by continuously introducing new, solution-based cement products in response to changing market dynamics. Several ground-breaking products were launched in 2018, most notable among them being INSEE EXTRA, Sri Lanka’s first sulphate resistant low heat cement certified under both British (BS EN) and Sri Lanka Standards (SLS) and MAHAWELI MARINE for CPM segment.

Meanwhile culminating years of research combining our local expertise and global technological advancements to engineer more eco-friendly, ‘green’ cement products, we pioneer slag-based blended cement variants in 2018. Manufactured from industrial co-products, this new range of blended cement is driving sustainable development and eco-friendly construction best practices across the country, while reinforcing longevity and sustainability performance in construction. Slag based cements are made for marine and harsh environments, roads, foundation and rafts, and large infrastructure.

The INSEE SANSTHA range of slag-based blended cement variants was the first to be recognised as a low carbon emission cement product by the Green Building Council of Sri Lanka (GBCSL), further strengthening INSEE’s competitive position in the local market.

GRI : 102-2



The construction industry is arguably one of the industries with the greatest environmental impact in Sri Lanka and across the world. Acknowledging our responsibility in this regard, we have specifically pledged to;

- Protect the environment through optimising the use of natural resources whilst minimising environmental impacts and prevention of pollution by integrating sustainable environmental practices into our business processes.
- Provide a healthy and safe work place through striving for zero harm by upholding the health and safety rules with our employees, contractors, visitors and other stakeholders
- Continual improvement of quality management system, of environmental management system to enhance environmental performance, energy performance and health and safety management to benefit all.
- A sustainable performing portfolio that uses energy in the most efficient, cost effective and environmentally responsible manner while designing, developing, maintaining and procuring energy-efficient products and services.
- Ensure the availability of necessary resources and information to achieve objectives and targets.
- Focus on human resource excellence practices by providing appropriate training and support on quality, working environment, energy and health and safety.
- Provide professional waste management and allied services to waste generators with customer relations, sampling, testing, collection, transportation, pre-processing and co-processing.



Our relentless efforts to minimise environmental damage through focused process optimisation strategies and by investing in progressive technology and expertise to reduce carbon emission levels that result from different facets of our manufacturing operation, continue to yield good results.

As a result of the aforementioned initiatives, INSEE has succeeded in achieving the lowest recorded emissions among local cement producers in 2018. Moreover our evolution from manufacturing traditional cement products to enhanced blended cement variants led us to meet our production targets with a 34% reduction in the sourcing of coal, the only manufacturing operation in Sri Lanka to achieve this feat.

In recognition of these efforts, INSEE was awarded the GOLD Green Mark Certification by the Ceylon Institute of Builders (CIOB) and have also received the endorsement of both the Construction and Housing Ministry, and Mahaweli Development and Environment Ministry of Sri Lanka in recognition of our environmental best practices in the manufacturing process.



**INSEE Sanstha**

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



**INSEE Mahaweli Marine Plus**

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

**Going Green**

- Pioneered slag-based cement variants
- Lowest emissions among local cement manufacturers
- 34% ↓ in sourcing of coal

# INDUSTRY LEADERSHIP

Credibility

## Your Needs, Our Solutions

### 1. Cement Product Portfolio

Leading a revolution of the regional construction industry as an innovative manufacturer, INSEE Cement offers a unique range of sustainable products and solutions with unparalleled value propositions, playing our role in building the nation, and transforming the local construction landscape across Sri Lanka.



## SUPERIOR BLENDED CEMENTS FOR SUSTAINABLE PERFORMING CONCRETE



**INSEE EXTRA**

Mass pouring concrete



**INSEE EXTRA PLUS**

High durable concrete



**INSEE RAPID FLOW PLUS**

High performance concrete



**INSEE SANSTHA**

Highly workable and durable concrete

**Type:**  
Blended Hydraulic Cement  
Low Heat/Sulphate Resisting  
Portland Fly Ash Cement

**Sri Lankan Standard:**  
SLS 1247:2015

**Strength Class:**  
42.5N

**British Standard:**  
BS EN 197-1:2011 CEM IV/A  
42.5N-LH/SR

**Type:**  
Blended Hydraulic Cement  
Portland Slag Cement

**Sri Lankan Standard:**  
SLS 1247:2015

**Strength Class:**  
42.5N

**Type:**  
Blended Hydraulic Cement  
Portland Slag Cement  
Portland Fly Ash Cement

**Sri Lankan Standard:**  
SLS 1247:2015

**Strength Class:**  
42.5N

**Type:**  
Portland Limestone Cement

**Sri Lankan Standard:**  
SLS 1253:2015

**Strength Class:**  
42.5R

INSEE Extra  
Sri Lanka's first sulphate resistant low heat cement.

INSEE Sanstha was honoured with the privilege of becoming Sri Lanka's first cement product to be awarded the Green Labelling Certification, by Green Building Council of Sri Lanka.

GRI : 102-2



INSEE SANSTHA, INSEE EXTRA, INSEE MAHAWELI MARINE PLUS AND INSEE RAPID FLOW PLUS won the Gold Award at the CIOB Green Mark Certification by the Ceylon Institute of Builders, Sri Lanka.

**TRADITIONAL ORDINARY PORTLAND CEMENT**



**INSEE MAHAWELI MARINE PLUS**

High strength concrete



**INSEE RAPID FLOW**

High early strength concrete



**INSEE MAHAWELI MARINE**

General purpose concrete

**Type:**  
Blended Hydraulic Cement  
Portland Slag Cement  
Portland Fly Ash Cement

**Sri Lankan Standard:**  
SLS 1247: 2015

**Strength Class:**  
42.5N

**Type:**  
Ordinary Portland Cement

**Sri Lankan Standard:**  
SLS 107:2015

**Strength Class:**  
42.5R

**Type:**  
Ordinary Portland Cement

**Sri Lankan Standard:**  
SLS 107:2015

**Strength Class:**  
42.5N



# INDUSTRY LEADERSHIP

Credibility



## 2. Innovation And Application Centre



INSEE Cement invests heavily on research and innovation initiatives, keeping pace with global industry developments to produce sustainable and innovative solutions, addressing today's demanding construction needs. A dedicated Innovation & Application Centre at INSEE operated by a highly-skilled technical team realises paradigm-shifting ideas each day, proactively engaging with industry partners to ensure a holistic approach in building sustainable, high-performance living structures and infrastructures.

The INSEE Innovation and Application (I&A) Centre in Peliyagoda continuously develops new products and solutions for the industry, assuring high-quality consistency of cement products and ready-mixed concrete.

### Green Concepts

- Sustainable Performing
- Superior Blended Cement with Low Carbon Footprint
- Sustainable Construction with Low Social Cost
- Products and Solutions with Green Mark Certification



## 3. INSEE Concrete



Our efforts have resulted in the construction of high-performing, superior and iconic structures, high-rises, and large-scale infrastructure projects, heralding Sri Lanka's growth, development and progressively changing the skyline.

Our product and solutions portfolio offering for industrial and residential customers/projects

- Mix design optimisation and new mix design introduction based on customer requirements
- High Performance Concrete
- High Early Strength Concrete
- Self-Compacting Concrete
- Shrinkage Limited Concrete
- Green Concrete
- Pervious Concrete
- Mass Pouring Concrete
- Solution for Home Builders – Environmentally friendly, high quality concrete for Individual Home Builders (IHBs).
- Light Weight Concrete
- 100% Superior Blended Cement usage for lower CO<sub>2</sub> footprint

GRI : 102-2



#### 4. Conwood - Innovative Wood Replacement Product



CONWOOD products as architectural and decorative wood substitutes in construction, driving our operational sustainability goals forward.

CONWOOD products are used in residential and commercial buildings. Created using the highest quality raw materials with ultramodern Swiss technology, this innovative product range comprises of ceiling, wall, floor and other multi-purpose decorative material that are durable, termite proof and incombustible.

CONWOOD Company Limited, a subsidiary of Siam City Cement Public Company Limited – Thailand's leading industrial organisation was established in 2002 as a result of the company's drive to implement sustainable construction initiatives guided by the philosophy of maintaining the balance of the planet's ecosystem. We have committed ourselves to use technology that is non-toxic and have consistently attempted to reduce energy consumption and optimise the use of natural resources. We believe that mitigating industrial pollution is the best investment we can make for our future.



#### 5. INSEE Ecocycle



INSEE Ecocycle Lanka (Private) Limited is the premium industrial waste management solutions provider in Sri Lanka, utilising co-processing technology to eliminate over 700,000 MT of waste to-date for a portfolio of 600 top corporates across the country.

All INSEE Ecocycle facilities are compliant with ISO 9001:2015 for Quality management system, ISO 14001:2015 for environmental management system and OHSAS 18001:2007 for health and safety management system, with the INSEE Ecocycle laboratory located in Puttalam certified for analytical testing purposes. ISO 17025:2005.

##### INSEE ECOCYCLE FACILITIES

###### Pre-processing Facility (PPF)

All waste is managed under the provisions of the current National Environmental Protection Act and operates with all necessary permits to handle the overall waste management.

###### Sludge-drying Facilities (SDF)

Two automated solar drying facilities operated by Ecocycle are capable of a 35% moisture reduction in materials such as water treatment, plant sludge, hazardous solvents and waste water which has increased the annual sludge acceptance by 12,000 Mt.

###### Shredder Facility

INSEE Ecocycle has established the country's largest high-tech shredder facilities to reduce the particle size of textile and polythene materials received for co-processing that is capable of handling 50,000MT of shreddable materials annually.

###### Industries Serviced by INSEE Ecocycle

APPAREL | FMCG | TEA | PERSONAL CARE | RUBBER | HEAVY INDUSTRY | PRINTING AND PACKAGING | TOBACCO | FOOTWEAR | MANUFACTURING | HEALTHCARE & PHARMACEUTICAL | PAINTS & CHEMICALS

# INDUSTRY LEADERSHIP

Credibility

Statutory and Regulatory Compliance Standards	National and International Standards	Internal Directives and Policies
Product Certification standards such as SLS 107, SLS 1247, SLS 1253.	ISO 9001:2015 Quality Management System. ISO 14001:2015 Environmental Management System. OHSAS 18001:2007 Health & Safety Management System, ISO 50001:2011 Energy Management System. Permit to use GREENSL Labelling system logo of Green Building Council of Sri Lanka (GBCSL) for PLC. Ceylon Institute of Builders (CIOB) Green Mark Certificates for INSEE Sanstha, Mahaweli Marine Plus, Rapid Flow Plus and Extra Cement. BSI Kitemark Scheme for Cement (BS EN 197-1) for INSEE Extra.	Integrated Management System Policy for all cement plants.

From 2020 INSEE will not provide Ordinary Portland Cement (OPC)/SLS 107 to the retail segment. As an industry leader INSEE is also working with the Industrial Technology Institute (ITI), Sri Lanka Standards Institute (SLSI) and professional academics to introduce new composite cements, latest by 2020, to bring Sri Lanka to Singapore standards and further improving sustainable construction efforts.

### Compliance

Compliance is seen as one of the fundamental pillars that enables INSEE to maintain its leadership status. Hence, we exercise a zero-tolerance approach towards non-compliance with all laws, rules, regulations, including laws pertaining to anti-competitive behaviour.

We maintain the same zero-tolerance approach for non-compliance of internal policies, procedures and codes of conduct as well. Our location footprint – Ruhunu Cement Plant, Colombo Import Terminal, Galle Cement Plant and Puttalam Cement Plant, are designed in line with INSEE’s pledge to support integrated manufacturing and dispatching of cement with provision of alternative fuels and raw materials through pre-processing and co-processing whilst complying with applicable compliance obligations and other requirements to which the company subscribes to in relation to environmental aspects, its health and safety hazards, energy use, consumption and efficiency.

Stewardship and monitoring is a key aspect of our compliance framework. To ensure a 100% compliance record in all relevant economic, social and environmental areas, we have in place an integrated Plan-Do-Check-Act cycle. Meanwhile to promote a mindset of continuous improvement we have appointed compliance champions at site level. As part of their duties,

compliance champions are required to seek employee inputs for formulation of policies and effective implementation of compliance programs for Quality, Environmental, Occupational Health & Safety and Energy programs in their line of work. This approach aims to demonstrate to our stakeholders the importance we place on ethics and awareness not just of specific rules and regulations, but on reinforcing the culture of compliance at all levels of the business.

We closely monitor developments in the area of compliance and regularly review our framework in order to determine whether it needs to be adjusted in response to identified compliance gaps or in line with any new developments in our compliance ecosystem. Our compliance framework is further strengthened by the annual site-wise audits conducted by certification bodies as part of the annual renewal cycle. Supported by these efforts, INSEE remains 100% compliant with all applicable regulatory requirements and voluntary codes.

### Compliance track record for 2018

Incidents of non-compliance regarding anti-competitive behaviour 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 labelling.	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

GRI : 103-3, 206-1, 307-1, 417-1, 419-1



**Awards & Recognition**



INSEE Ecocycle won the Global Green World Award under Industry Category by the Green Organisation.

INSEE Ecocycle was awarded Global Gold Winner of the Industry category at the Green World Awards 2018 in Turkey.

INSEE Ecocycle won “Presidential Environment Awards 2018” under Solid Waste Recovery, Recycling, Disposal or Processing Category by Central Environmental Authority (CEA)

INSEE Ecocycle was awarded “Responsible Care Awards 2018” under Waste Management category by Responsible Care Council.

At the CEA’s Annual Awards INSEE received the Bronze award in recognition of the contribution to the green production process at the Puttalam Cement Plant, the only fully-integrated cement plant in Sri Lanka.



INSEE Sanstha won the People’s Choice Brand of the Year – Housing and Construction for the eighth consecutive year.

INSEE awarded the GOLD Green Mark Certification by the Ceylon Institute of Builders (CIOB)

INSEE Puttalam Cement Plant won Bronze Award in the Chemical Industry Sector at the “Presidential Environment Awards 2018”.

Our range of slag-based blended cement variants was the first to be recognised as a low carbon emission cement by the GBCSL

INSEE Cement won the Gold award in the Large-Scale Manufacturing Sector of National Level for Social Dialogue and Work Place Cooperation organised by the Ministry of Labour and Trade Union Relations.

INSEE was recognised as the “Best Mining Company 2018” at the Bhoo Abhimani Haritha Harasara Pranama Ulela organised by the Geological Survey and Mines Bureau, Sri Lanka.

# SERVING OUR CUSTOMERS



Credibility Responsibility



## Management Approach

At INSEE, creating value for our customers is one of the primary drivers of our business model. Our customers are primarily the end users who buy our products – consumers, home builders, contractors, and large-scale infrastructure projects. Our aim is to build trust by ensuring that all such customers across Sri Lanka benefit from INSEE’s portfolio of green-certified, world class products.

Underpinned by this commitment, we are driven to continuous and ongoing improvement to strengthening capacity. This strong emphasis on quality enables us to continue to enhance the utility value of existing products. Moreover the ability to leverage on the know-how and advanced technological capabilities of our parent company helps to design new breakthrough new products that further enhance the value proposition offered to the customer.

Expanding our reach across the island is another key priority in the delivery of our customer value proposition. This has meant

maintaining linkages with a vast network of channel partners – dealers, distributors etc as well as influencers – masons, technical officers, architects, and engineers all of who assist us in reaching these end users.

## Product Innovation

Product innovation is deeply rooted in our DNA. The hallmark of our success over the past 50 years, product innovation has played a pivotal role in defining our strategic outcomes and spearheading our journey towards achieving market leadership in Sri Lanka’s cement industry.

Entering the market in 1967, we have since then worked hard to reinvent ourselves as the leading provider of sustainable construction solutions. Cascading from this strategy, we have focused on four verticals – value-added solutions, eco-friendliness, consistent quality, as well as strength and durability to keep on adding ever-more innovative products to our umbrella brands INSEE SANSTHA and INSEE MAHAWELI MARINE PLUS.

**INSEE SANSTHA SUPERIOR BLENDED CEMENT ACCOUNTS FOR NEARLY 30% SHARE OF THE COUNTRY'S TOTAL CEMENT BAG SEGMENT OF THE INDUSTRY.**

Most notable among them is pioneering launch of INSEE SANSTHA Superior blended cement to the local market in 2007. Widely seen as a quantum leap for Sri Lanka's cement industry which has traditionally relied on OPC, INSEE's decision to launch blended cement is in keeping with the current global trends favouring its use. Combined with high grade calcium carbonate and flyash particles which help to seal off all the pores in the concrete, thus reinforcing its strength, INSEE SANSTHA Superior blended Cement is also more durable, and most importantly, prevents water seepage that can cause iron structures to rust over time. The added calcium carbonate particles also work as a lubricant, making for easier application of concrete mixture as well as more efficient plastering. Given its properties as a high performance product with added durability and enhanced workability, INSEE Sanstha blended cement is ideally suited for individual house builders which accounted for nearly 25% share of the country's total cement bag segment of the industry.

**Sustainable Construction Solutions**

 <b>Value-added solutions</b>	 <b>Eco friendliness</b>	 <b>Consistent quality</b>	 <b>Strength &amp; durability</b>
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Meanwhile, to firm up INSEE's position as Sri Lanka's number one provider of construction solutions, a strategic decision was made in 2018 to diversify into other complementary business streams, which led to the tie up with CONWOOD HOUSE of Indonesia to offer an eco-friendly range of home finishing products. The CONWOOD decking line offers a concrete based replacement for wood, while the range of weather-proof roofing, panelling and fencing range is manufactured by mixing reclaimed industrial by-products with slag-based cement.



**34% REDUCTION IN COAL CONSUMPTION**  
**EXPLORING OPPORTUNITIES TO REDUCE CO<sub>2</sub> EMISSIONS**

**Research and Development**

Having determined that Research & Development (R&D) is fundamental in the delivery of our customer value proposition, we have traditionally followed a prescriptive approach to sharpen our responsiveness to the market and stay ahead of peers. However, seeing the need to be more proactive, in 2018 we reoriented our product research model and migrated towards a performance-based approach in order to increase our ability to contribute towards sustainable construction. This led to the launch of INSEE's Innovation and Application Centre (I&A). Equipped with state-of-the-art research facilities and headed by a team of experts, the I&A is the unique open space for innovation and is one of a kind in the country that also provides a common platform for industry experts and other stakeholders to work collaboratively towards raising industry standards through the development of cement and aggregates to support Sri Lanka's need for sustainable construction solutions.

	2008	2018	Saving		
STEC	Specific Thermal Energy Consumption	3860	3789	-71	MJ/t clinker
SEEC	Specific Electrical Energy Consumption	105.35	94.3	-11.1	kWh/t cement
TSR%	Thermal Substitution Rate	22.36%	33.94%	11.60%	

*INSEE Puttalam Kiln generated 34% thermal energy from industrial wastes collected and pre-processed from more than 450 companies in Sri Lanka. This reduced the non-renewable energy consumption immensely, saving 11.6% of Thermal Substitution Rate over the last 10 years.*



# SERVING OUR CUSTOMERS

Credibility Responsibility

Following the setting up of the I&A, our R&D activities took on multiple dimensions, prompting INSEE to align with globally accepted best practices, foremost among them the UN Sustainability Development Goals (SDGs) Goal 9, Industry, Innovation and Infrastructure and Goal 12 – Responsible Consumption and Production. This led to closer scrutiny of all aspects of our business. For instance, we began exploring opportunities to reduce the energy consumed at an operational level and thereby cut the resulting CO<sub>2</sub> emissions.

We also leveraged on the special expertise of the INSEE Ecocycle in an effort to seek out cost effective ways to generate alternative energy to be used as a substitute for fossil fuels. Under the program, INSEE has undertaken to collect the daily industrial waste from over 600 companies. In this manner, INSEE has succeeded in reducing its coal consumption by approximately 34% in 2018.

### Emphasis on Quality

Given the business we are in, our products are largely generic. Therefore, consistent quality is the single-most important differentiator that sets apart our brands from the products offered by peers.

Even though our company has evolved over the past 50 years, one thing has remained constant, namely the assurance of quality associated with Sanstha and Mahaweli Marine cements. Our commitment to quality is all-encompassing and integrated into every aspect of our value chain. To achieve our quality objectives we have continued to make regular investments to upgrade our infrastructure in order to improve

downstream efficiency at all our plants. At the same time, INSEE’s ongoing alignment with ISO 9001 Quality Management Systems further reinforces our strategy to benchmark globally accepted best practices for total quality management.

INSEE Cement launches its first performance-based quality dashboard with the main objective of guaranteeing a manufacturing of products with consistent quality as perceived and valued by its customers and enable to benchmark its products quality with competitors’ one.

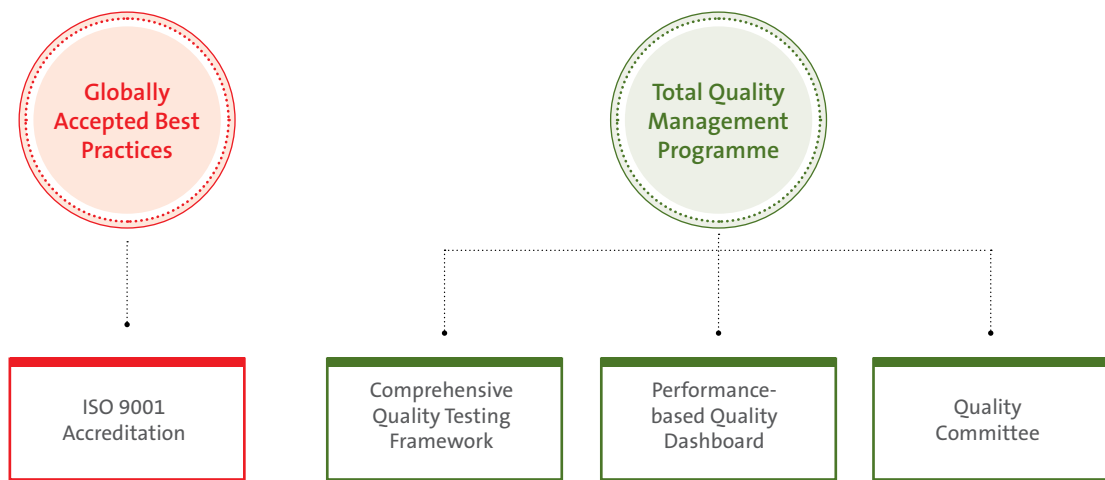
The dashboard was developed with quality indicators measured with in-house innovative methods to monitor essential market requirements for both the retail and industrial segments. INSEE cement aims to share the dashboard deliverables with its customers to build a trusted and transparent relations and further strengthen its credibility in the construction industry as the provider of innovative products and solutions and differentiate itself with competitive advantage.

A dedicated Quality Committee provides oversight for all quality aspects at plant-level. As part of its mandate the Quality Committee is also required to ensure continuous and ongoing training is provided to strengthen the quality culture among employees.

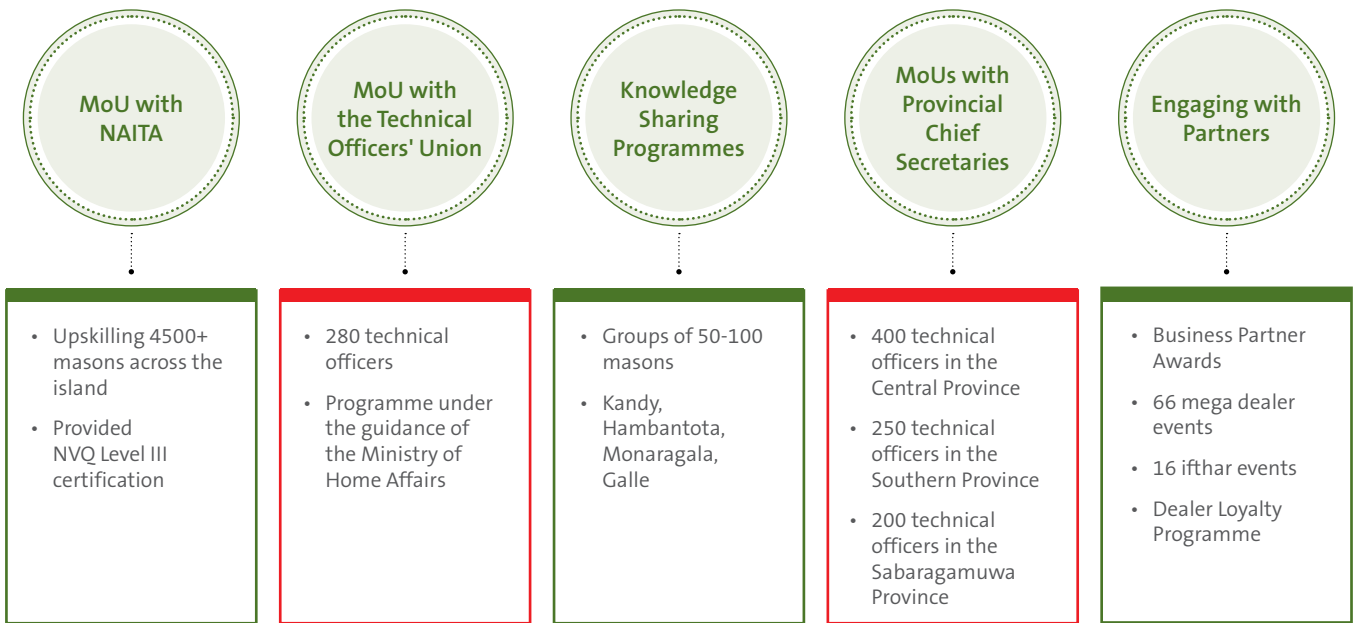
### Marketing and Promotion

INSEE’s customer value proposition includes ensuring our products are available and accessible to end-users across the country. We reach out to customers through promotion

## Quality Management at INSEE



Skill Enhancement through Public Private Partnerships



campaigns in print and electronic media as well as through social media to create continuous visibility that makes a strong brand impact.

In addition our logistics management strategy endeavours to achieve best-in-class performance in terms of cost-to-serve and time-to-serve, reducing lead distances and eliminating multiple handling through a focus on safety, people, vehicles and processes. Our logistics strategy blueprint tool maps key performance metrics at every plant, while GPS (Global Positioning Systems) and RFID (Radio Frequency Identification Device) modules have been implemented to improve overall turn-around times.

In our business, channel partners and influencers play a key role in helping us to reach the end-user. INSEE undertakes to offer technical support and upskilling programs to improve the capacity of these channel partners – dealers, distributors etc as well as influencers – masons, technical officers, architects, and engineers, all of who assist us in reaching these end users. The influencer development programs in particular are designed to further strengthen the trust in our brand and reinforce top of the mind awareness about INSEE’s products, which we expect would lead to guaranteed recommendation 90% of the time.

In 2018 we made great strides in expanding our influencer development program in result of a series of public-private

partnerships. Under the MoU signed with the National Enterprises Development Authority and National Apprentice and Industrial Training Authority (NAITA), INSEE undertook to upskill 4,500+ masons across the island and enable them to obtain NVQ level 3 certification. Hand in hand with this we continued with our “Mason meets” knowledge sharing programmes, targeting groups of 50 – 100 masons in Kandy, Hambantota, Monaragala, Ratnapura and Galle Districts.

The MoU between INSEE and Central Government Technical Officer’s Union also gained traction in 2018, with over 280 Technical Officers benefiting from the Technical Officer Programme held during the year under the guidance of the Ministry of Home Affairs.

Other notable initiatives for the year included - the MoU with the Central Province Chief Secretary to conduct an academic program to uplift the technical skills of 400 technical officers in the areas of plumbing, electrical work, aluminium work, quantity surveying, surveying and levelling, cement and concrete solutions and the MoU with the Southern Province Chief Secretary to conduct knowledge sharing sessions for 250 Technical Officers (TOs) in the Southern Province. The MoU with the Sabaragamuwa Province Chief Secretary was extended, with INSEE undertaking to conduct an academic residential training program for 350 TOs in the Southern Province.

## SERVING OUR CUSTOMERS

Meanwhile, to reach out to engineers and architects, INSEE continued to participate in key events such as the regional forums organised by the Institution of Engineers of Sri Lanka.

The Annual INSEE Business Partner Awards was held to recognize our business partners across the island for their efforts in promoting our leading retail products, INSEE SANSTHA, INSEE MAHAWELI MARINE and INSEE MAHAWELI MARINE PLUS. This year's event themed 'Adhwitheeya Hetak' was held on the 24<sup>th</sup> of March 2018 at Shangri-La Colombo. At the event, a total of 46 awards were presented to business partners in recognition of their efforts for 2017.

As per plan, we also continued with our dealer events in 2018 and succeeded in connecting with almost 60% of our dealer network vis-a-vis 66 mega dealer events and a further 16 ifthar events held for Muslim dealers. The fully-fledged dealer loyalty program "Ilakkaya" was also rolled out for the entire dealer network, with a special points-based rewards scheme being implemented to continuously incentivise dealers for achieving performance targets.

### Complaints and Feedback

We have a dedicated customer complaint system for recording and handling complaints, where the resolution of issues and complaints are tracked against loop closure targets assigned under the customer complaint system.

We use various formal and informal methods to gauge the feedback from different customer segments, including channel partners and influencers. The Net Promoter Score surveys were conducted among channel partners and influencers with the aim of understanding their view of INSEE's 'Business interaction', 'Purchase excellence/ Call centre', 'Product deliveries', 'Product Pick Up', 'Product & packaging', 'Service Offering & Events' and 'Invoices & Payments'.

In addition, to track our brand equity, a formal brand health study is done bi-annually to assess how INSEE is perceived in the market and identify areas of improvement.

### Net Promoter Score

The Net Promoter Score (NPS) is a scoring mechanism introduced by INSEE Cement to monitor the loyalty that exists between our company and our customers based on customer satisfaction levels. Customers are classified into three generic groups:

- Promoters or satisfied and loyal customers.
- Passives or reasonably satisfied, yet unenthusiastic customers.
- Detractors or dissatisfied customers.



We conducted four waves of customer surveys across multiple groups of customers that included contractors, dealers, masons, technical officers, engineers, distributors and agents.

The survey covered all relevant key customer touch points from business Interaction to invoices and payments.

### Net Promoter Score (NPS)

#### Improved NPS across key target groups

The NPS has resulted in INSEE Cement being perceived by the target market as well as the local consumer as a truly customer-centric organisation. This success is based on our willingness and capacity as a company to rapidly respond to client feedback, and apply key learnings towards continuous improvement of process and products.





INSEE Ecocycle employees celebrating 15 years of pre-processing facility in Katunayake



I consider INSEE's Ruhunu Cement Plant as an important contributor towards the socioeconomic development of the Galle District. Aside from providing direct employment to several hundred people at the Ruhunu plant and indirectly supporting thousands more, INSEE also contributes in many other ways towards uplifting the social and economic standards in the region. Over the years we have built good relations with INSEE and have come to rely on their steadfast support for the social and economic development initiatives carried out by the Galle Divisional Secretariat and other State institutions in the Southern Province. We look forward to further strengthening our partnership with INSEE and working together to bring about greater socioeconomic progress for the people of the Galle District in the future.

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**Mr. W.S. Sathyananda**  
Divisional Secretary – Galle



# DRIVING NATIONAL GROWTH

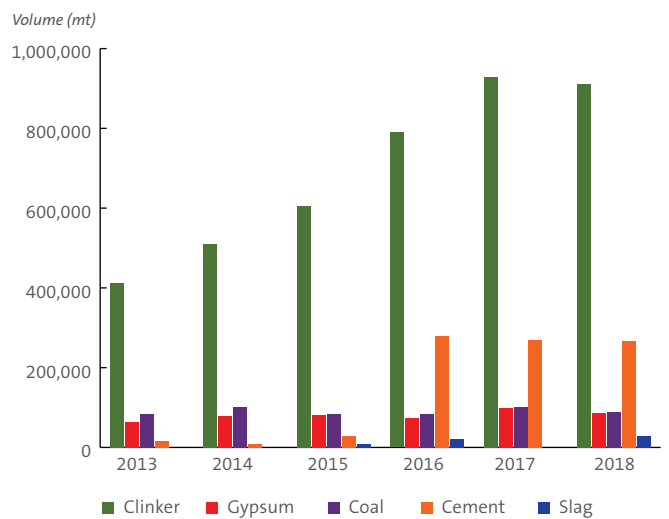


Credibility



As the only fully-integrated cement manufacturer in Sri Lanka, INSEE's operations have a tremendous impact on Sri Lanka's economy. A key enabler for the construction industry, INSEE has made a significant contribution towards the country's GDP growth right from the very beginning. Since the conclusion of the war in 2009, our contribution to GDP has increased exponentially, mainly as a result of the construction boom that has created an insatiable appetite for cement from both the government as well as the private sectors.

Consequently, our raw material imports have grown incrementally over the past decade, resulting in a considerable increase in the value we pay to the government by way of import duty levies and Government taxes each year. Moreover, being an energy-intensive business, we are one of the largest buyers of electricity from the national grid and our consumption has increased in tandem with the growth of our business activities.



## Raw Material Import Increase for Last Five Years

		2013	2014	2015	2016	2017	2018
Clinker	Volume (mt)	412,000	510,000	605,800	789,500	928,000	912,000
Gypsum	Volume (mt)	64,000	78,000	80,300	72,800	98,000	85,500
Coal	Volume (mt)	83,000	100,500	83,100	82,800	101,600	88,200
Cement	Volume (mt)	17,000	8,300	29,600	278,900	268,500	267,400
Slag	Volume (mt)	-	-	8,300	22,000	-	28,800
<b>Total</b>		<b>576,000</b>	<b>696,800</b>	<b>807,100</b>	<b>1,246,000</b>	<b>1,396,100</b>	<b>1,381,900</b>

GRI : 103-2

**Infrastructure Investment**

Apart from this direct contribution to the economy, our infrastructure investments are widely seen as national assets. Starting with the Ruhunu Cement Plant established in 1967, successive management organisations which have been in control of the business have made it their priority to strengthen the company’s core infrastructure, which led to the establishment of Puttalam Cement Plant in 1970, the Colombo Cement Terminal in 1980 and the Galle Cement Terminal in 1989.

- August 2017**

Commissioning of Sri Lanka’s first cement bag palletiser at Ruhunu Cement Plant
- January 2018**

Launch of a new product – CONWOOD by INSEE CONWOOD is popular in Thailand and Indonesia as a concrete-based substitute for wood

Investing in Solar Drying Facility in Ecocycle Lanka
- March 2018**

Opening of lab facility in Ecocycle Lanka Pre – processing plant in Katunayake
- May 2018**

Expanding shredder capacity in Ecocycle Lanka at Puttalam Cement Plant
- July 2018**

INSEE Ecocycle Lanka (Pvt) Ltd. was established as a separate legal entity. Diversified the Ecocycle business into non-kiln based environment solutions
- August 2018**

The Galle cement terminal was converted into a new state-of-the-art eco-friendly Cement Grinding Plant at a cost of USD 13.7 million

Launch of the INSEE Concrete Ready-mix plant in Peliyagoda at a cost of USD 1.6 million
- October 2018**

Second phase of the cement bag palletiser was commissioned at Puttalam Cement Plant with the capacity of 2,500 bags per hour

New Express Logistics Centre commissioned in Kelaniya

Over the years the Company has also contributed towards the national development agenda through its involvement in several large road developments and infrastructure projects, several high-rise buildings in and around Colombo as well as iconic projects. Our projects include Kallady Bridge, the Kotalawala Defence University Hospital, the Colombo South Harbour, the Southern Highway, Lotus Tower, Altair Residencies and NSBM Green University among others.

With Siam City Cement Public Company, Thailand, also known as INSEE Group, taking over operations in 2016, infrastructure investments amounting to approximately USD 47 million in direct investment have been made for capacity expansion and new product solutions.

**INSEE Ecocycle provided safe disposal solution for confiscated cocaine for the first-time in Sri Lanka.**

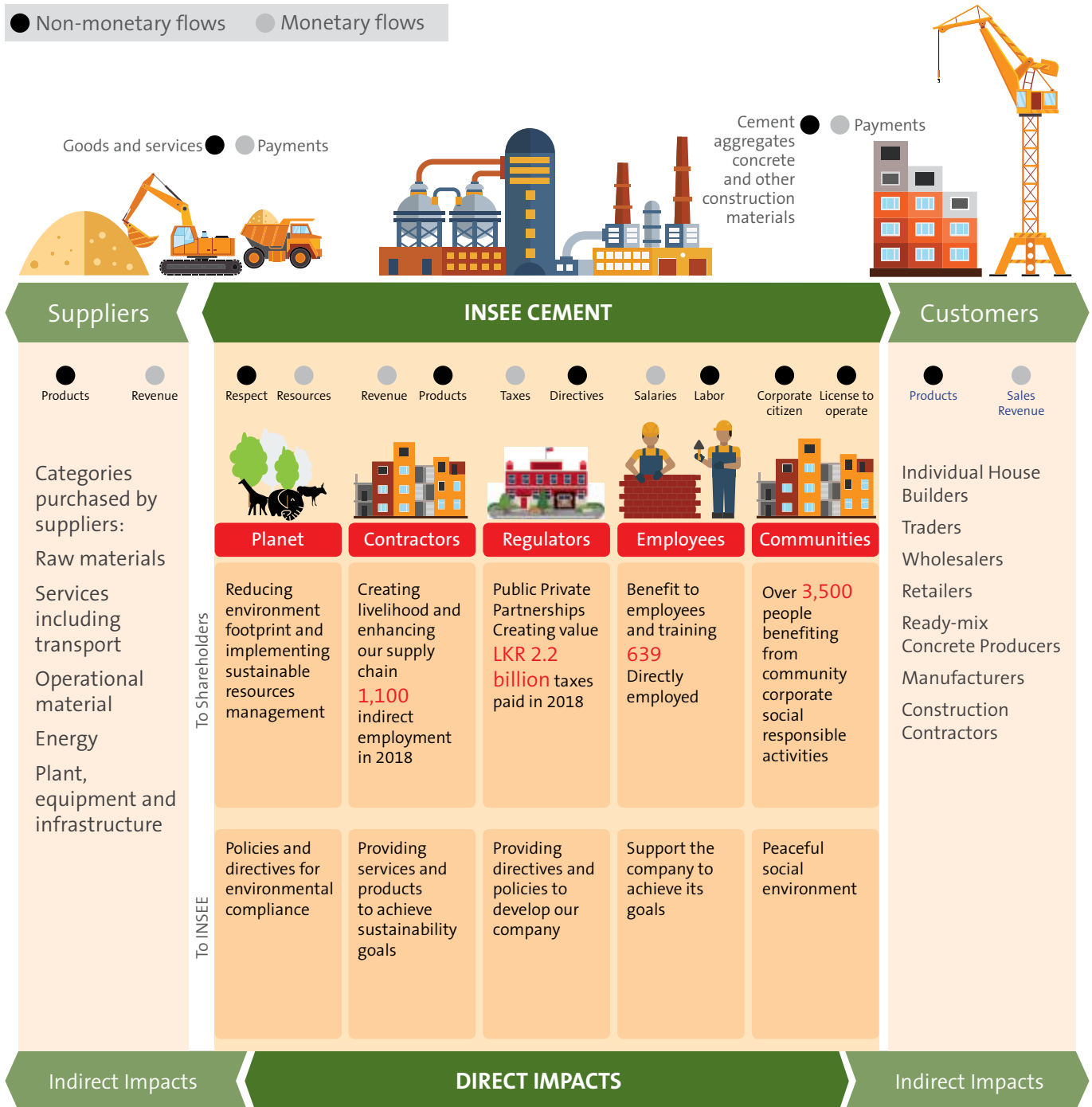
INSEE Ecocycle joined hands with the Sri Lanka Police Narcotics Bureau (PNB) and National Dangerous Drugs Control Board (NDDCB) to responsibly dispose of 928.2kg of waste cocaine hydrochloride through cement kiln co-processing for the first-time in Sri Lanka in 2018.



Enforcing the government’s commitment to create a drug free society, the largest haul of seized cocaine was publicly destroyed for the first time in Sri Lanka in the presence of President Maithripala Sirisena, Prime Minister Ranil Wickremesinghe and many other officials, at the Ecocycle Pre-processing facility in Katunayake.

# DRIVING NATIONAL GROWTH

## Economic Impact along the INSEE Value Chain



**Waste Management Solutions for Peace of Mind Partnership**

The Ecocycle project, which started over 15 years ago, first began by converting readily available rice/paddy husk into a source of energy for our cement business. From these humble beginnings, the Ecocycle venture has since evolved into the only specialised industrial waste management solutions provider in Sri Lanka offering the full gamut of solutions to a wide range of industries. Today Ecocycle serves more than 600 customers, mostly large conglomerates, as well as State institutions such as the Board of Investment (BOI) and Ministry of Health.

The Ecocycle waste pre-processing facility in Katunayake and Ecocycle shredding facility at Puttalam Cement Plant both process 250 mt of industrial waste per day, which at present is sourced through networks established with companies across the country. We have also signed agreements with 50 local councils in the Gampaha and Kurunegala Districts to undertake the responsible disposal of non-recyclable and non-degradable solid waste, making INSEE Ecocycle the only company to be actively engaged in providing a sustainable solution towards addressing the serious waste problem in Sri Lanka.

As the pioneer in sustainable industrial waste management in Sri Lanka, Ecocycle has been responsible for eliminating over 700,000 mt of industrial waste over the last 15 years.

The Ecocycle business model involves dealing with a range of chemicals and hazardous waste, many of which have dire consequences on the environment and people. Moreover, since we use such waste to generate energy for our cement business, we are very mindful of the impact such waste may have on the quality of our finished products. For this very reason, we have implemented strict criteria to ensure the waste we accept is in alignment with our Zero Impact Policy. Furthermore, we monitor the health of our employees on a regular basis to ensure they are not affected in any way when handling waste.

To further support these efforts, additional investments were made to commission a high-tech waste analysis laboratory at the INSEE Ecocycle Pre-processing facility in Katunayake. An extension of the existing analytical laboratory (ISO 17025 accredited) testing facility at the Puttalam Cement Plant, the new waste analysis laboratory will further strengthen the quality assurance and control measures needed to standardize the waste material used in our pre-processing facility in keeping with our Zero Impact Policy.

INSEE’s involvement in the business from 2017 provided an opportunity for the Ecocycle team to leverage on the synergies offered by our parent company INSEE Group in Thailand to enhance their know-how on kiln-based and non-kiln based

waste management solutions. Meanwhile to further increase our bandwidth in this sphere, the Ecocycle initiative was carved out as a separate entity and incorporated as INSEE Ecocycle Lanka (Private) Limited on 2<sup>nd</sup> July 2018, and formally launched as an industrial waste management specialist offering both kiln-based and non-kiln-based solutions such as, e-waste management, laboratory services, emergency response, on-site waste management solution and training and consultancy for wide range of industries. This was followed by the commissioning of a new state-of-the-art waste shredder line at a cost of USD 1.8 million in the latter part of 2018 along with further capacity expansions amounting to another USD 0.3 million.

INSEE Ecocycle is the only waste management service provider in Sri Lanka licensed by the Central Environmental Authority for the handling and transport of hazardous waste. Ecocycle is also certified under ISO 9001, ISO 14001 and OHSAS 18001 standards.

**Employment**

INSEE Cement Sri Lanka provides direct employment to over 600 people across the country including full time and third-party employees. These men and women are employed in various capacities at our three plants – Puttalam Cement Plant, Ruhunu Cement Plant and Galle Cement Plant, our quarry in Aruwakkalu, the Colombo Cement Terminal, INSEE Colombo Head Office the Concrete Ready-Mix Plant in Peliyagoda, warehouses in Trincomalee, Katunayake and Kurunegala and the INSEE Ecocycle Lanka Pre-Processing facility in Katunayake.

Indirectly we also provide employment to more than one thousand of people through our network of outsourced partners who handle our logistics, security, general maintenance, etc.





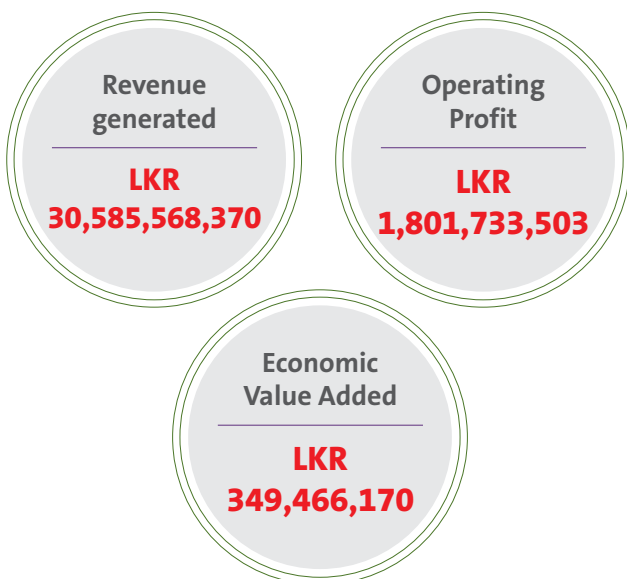
## DRIVING NATIONAL GROWTH

### VALUE CREATION TO THE INDUSTRY

- Diversified product portfolio with application-based cement.
- Introducing new technology to the industry focusing on the environment impact and carbon footprint.
- A new process and green concept for waste management with INSEE Ecocycle.
- Engaged in social responsibility related activities within the communities we operate.
- Direct employment of 639 full time employees and over 1,100 contract employees.
- The only clinker manufacturer in Sri Lanka.



#### Direct Economic Value Generated: Revenue



#### Operating Capacity

##### Ruhunu Cement Plant

Grinding capacity **Current 1.00 MN T**

##### Puttalam Cement Plant

Limestone Hauling **Current 1.50 MN T**

Design Clinker capacity **Current 0.70 MN T**

Cement Production **Current 1.30 MN T**

Cement Dispatch **Current 1.40 MN T**

##### Galle Cement Plant

New Grinding Plant **0.40 MN T**

(Galle Cement Terminal converted to new Galle Grinding Plant)



**Economic Value Distributed**

<p>Operating costs</p> <hr/> <p><b>LKR</b> <b>25,025,246,060</b></p>	<p>Dividends/Capital cost</p> <hr/> <p><b>LKR</b> <b>1,876,880,224</b></p>	<p>Project Expansion and rationalisation</p> <hr/> <p><b>LKR</b> <b>2,199,749,000</b></p>	
<p>Employee wages and benefits</p> <hr/> <p><b>LKR</b> <b>2,306,153,223</b></p>	<p>Payments to Government</p> <hr/> <p><b>LKR</b> <b>2,214,123,000</b></p>	<p>Community investments</p> <hr/> <p><b>LKR</b> <b>12,823,875</b></p>	<p>Environmental investments</p> <hr/> <p><b>LKR</b> <b>42,613,226</b></p>

GRI : 201-1

# STRENGTHENING PARTNERSHIPS



Responsibility People & Culture



**Rs. 14,657 mn was spent in 2018 with 204 foreign suppliers.**

**Rs. 14,335 mn was spent in 2018 with 814 local suppliers.**

**Material sourced from 11 countries.**

### Supplier Profiles

Suppliers and service providers are an integral part of the INSEE business model for their contribution is deemed crucial towards maintaining our performance and executing our business continuity strategy.

Being the only fully-integrated cement manufacturer in Sri Lanka, the INSEE supply chain is more complex and consists of several additional layers compared to that of the typical cement processing and packaging operation. In the recent past, our supplier base has further widened due to ongoing efforts to improve the efficiency of our supply chain operations. As such, INSEE’s supplier base now consists of over 1,800 individual suppliers based in Sri Lanka along with many raw material, fuel, equipment, and spare part suppliers from around the world. In 2018 our total spend amounted to LKR 29,500 million, nearly 83% of total revenue for the year. This includes all key raw materials purchased through our network of overseas suppliers, clinker from Thailand, Vietnam, Indonesia, India and Middle East, gypsum from Thailand, slag from Vietnam and Japan and coal from Indonesia, as well as transport, logistics, infrastructure, energy, packaging material, maintenance and other services procured from suppliers based in Sri Lanka.

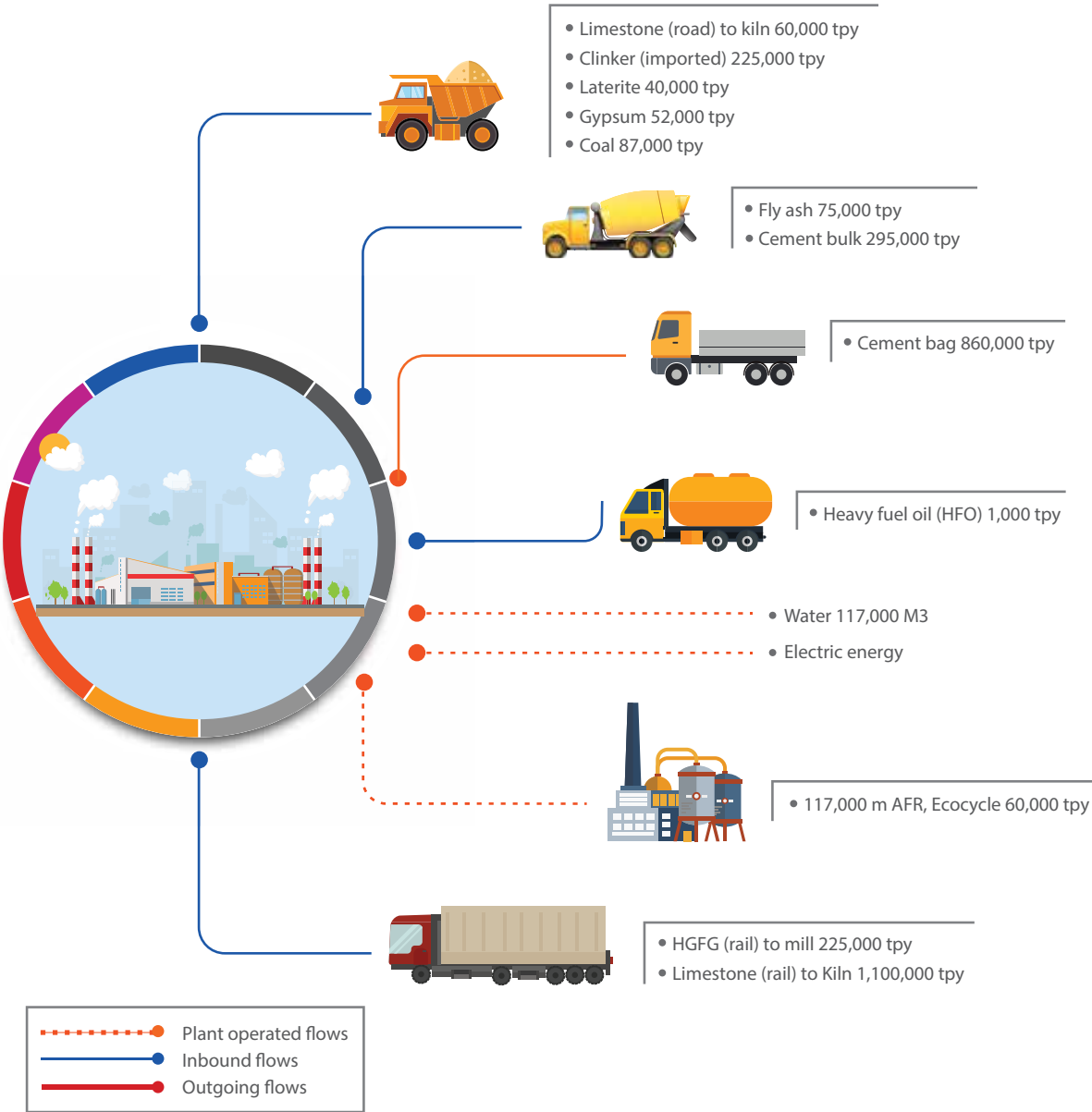
### Management Approach

While the numbers do indicate some high spend suppliers, INSEE does not differentiate between large and small-scale suppliers and considers each link on the supply chain to be of equal importance in delivering our Unique Selling Proposition. In dealing with these multitude of suppliers, our overarching aim is to remain fair, transparent and consistent in all supply chain management activities.

Spearheading this effort is the INSEE Supplier Code of Conduct, which all INSEE suppliers and service providers are expected to strictly adhere to. INSEE’s dedicated procurement unit undertakes to raise awareness among suppliers and service providers regarding the need to align with the Code. The Procurement unit also oversees compliance monitoring and is tasked with conducting regular supplier audits to determine the level of compliance among individual suppliers. Suppliers who do not abide by the Code or do not take corrective action to rectify gaps identified through the supplier audit process, face the risk of termination of the contractual relationship.

GRI : 103-2, 204-1

**Puttalam Cement Plant** inbound and outbound material portfolio – Flows/volumes  
 1.25 mn tpy cement and 0.7 mn tpy clinker (in-house production)

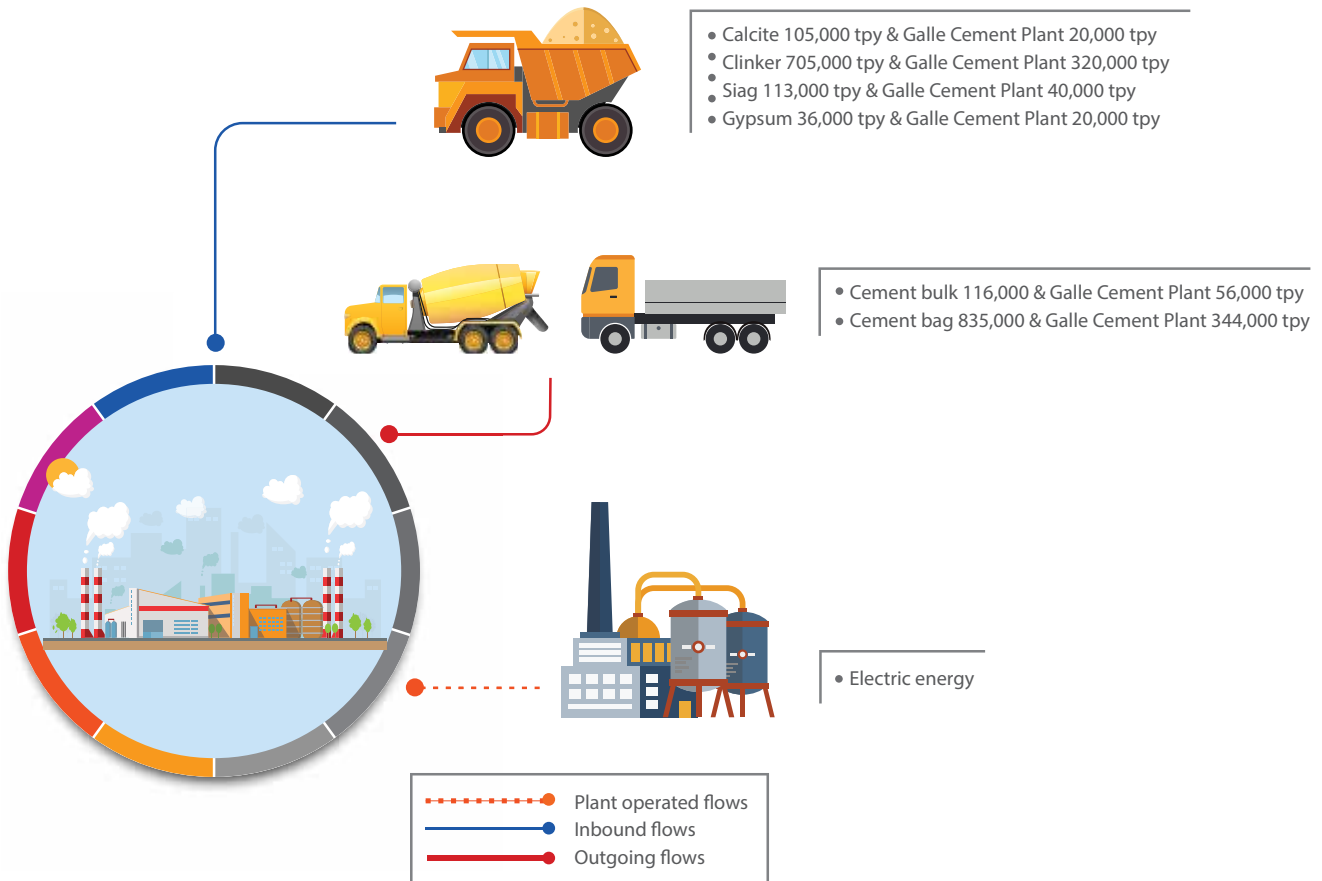




# STRENGTHENING PARTNERSHIPS

Responsibility People & Culture

**Ruhunu Cement Plant** inbound and outbound material portfolio – flows/volumes 1.5 mn tpy cement in both Ruhunu Cement Plant + Galle Cement Plant (in-house productions)



## Emphasis on Quality

We do not compromise on quality for it is at the core of everything we do. Our focus on quality is underpinned by the commitment we give our customers to deliver superior products that are also certifiably world class. This emphasis on quality is cascaded down through to our supply chain vis-a-vis the INSEE Quality Policy, which documents the key quality metrics that are deemed essential under each supplier category.

We expect all our suppliers to conform to our quality standards and continue to do so throughout their relationship with INSEE. Comprehensive quality control mechanisms and Quality Committees are in place at an operational level, to verify quality consistency of all procured goods and services. All our suppliers are required to comply with the Standard Purchase Order Terms and Conditions covered under our Supplier Code of Conduct and our Occupational Health & Safety standards.

Percentage of new suppliers screened are not monitored or recorded for the year 2018. However, suppliers who meet the following criteria are required to sign a Procurement Contract and internal Contractor Safety Management Directive (CSMD):

- Purchase value exceeding LKR 5 Mn.
- 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 CSMD criteria.
- Any agreement involving lands, property, vehicles, plants and machinery.



Central Environment Authority officers visiting the test site for Annual spot measurement

**Local Sourcing**

Stemming from the ongoing expansion of INSEE’s Manufacturing and Supply Chain Operations, local sourcing is becoming an increasingly important aspect of our procurement model. Increasingly we have been looking to local service providers located in and around our Galle and Puttalam Cement Plants as well as around our warehouse complexes in Peliyagoda, Kurunegala, and Trincomalee to contract out various service aspects, including material handling, equipment maintenance, administrative services, civil works etc. In October 2018, we opened our new express logistics centre in Kelaniya, Colombo with the aim of reaching out to our customers faster than before.

In tandem with this strategy, the local sourcing bill as a percentage of the total procurement cost has continued to rise in the recent past. In 2018 local sourcing accounted for 49% of the procurement spend, compared to 46% in 2017 and 45% in 2016.

GRI : 103-3, 204-1, 308-2, 408-1, 414-2

**Social and Environmental Assessment**

As part of the ongoing efforts to refine our procurement model, we have now begun to consider the total value that will be delivered to INSEE and the supplier over the course of the relationship. This has prompted us to move beyond the direct commercial outcomes and adopt a three-dimensional approach that takes cognisance of the social and environmental outcomes our suppliers are able to offer. Premised on this, we now look to build long-term collaborative partnerships with our suppliers and service providers in order to develop a shared value culture that would inspire innovation and result in mutual success.

To encourage our suppliers and operations to align with INSEE Cement Lanka’s sustainability agenda, we updated the Supplier Code of Conduct in 2018 to include key elements of the ISO 14001 International Environmental Standard, and the 10 principles outlined by the United Nations Global Compact, the Universal Declaration of Human Rights, the United Nations



## STRENGTHENING PARTNERSHIPS

Convention on the Rights of the Child, and International Labour Organisation (ILO) Conventions. Accordingly the Supplier Code of Conduct and the Code of Business Conduct includes contractual clauses to avoid child labour and forced or compulsory labour.

Furthermore, in 2018 we rolled out the first phase of our Social and Environmental Assessment programme for several supplier categories, in an effort to focus on monitoring their labour practices and environmental performance. For example, we began monitoring our lubricant suppliers for emissions, effluents and spillages.

The following 28 (3 percentage of) new suppliers were part of the first batch evaluated under the Social Impact and Environmental Impact Assessment Program. These new suppliers were also screened using environmental criteria.

Type of Supplier	No. of Suppliers	Base Area
Calcite	5	Puttalam and Galle
Dolomite	3	Puttalam and Galle
Laterite	2	Puttalam and Galle
Finished goods transporters	10	Puttalam and Galle and Colombo
Raw Material Transporters	5	Island-wide
Waste Transporters	3	Colombo and Katunayake

Of the above, 2.8% were identified as having significant actual and potential negative social impacts for which improvements were agreed upon as a result of assessment. None of the supplier relationships were terminated as a result of being identified as having significant actual and potential negative social impacts. Based on this, it was found that all suppliers and operations maintained a Zero Tolerance Policy for child labour and forced or compulsory labour. Accordingly no suppliers and operations were considered to have significant risk for incidents of child labour and forced or compulsory labour. Access to young workers to office premises was not allowed as it was strictly monitored by Human Resource gate pass procedure.

Of the above, 10 suppliers were identified as having significant actual and potential negative environmental impact's. 2% of those identified as having significant actual and potential



negative environmental impacts for which improvements were agreed upon as a result of assessment. No supplier relationships were terminated as a result of being identified as having significant actual and potential negative environmental impacts.

### Supplier Development Initiatives

At INSEE, we recognize that continuous and ongoing supplier development can lead to a significant improvement in supplier outcomes. With this in mind, we revamped our procurement



INSEE Chairman/ CEO and the EXCO Team at the Business Partner Awards

mechanism in 2018 and migrated to a new online procurement system in order to streamline our internal procurement model and increase the level of transparency offered to suppliers. The platform further simplifies the recording and consolidation of supplier data in accordance with the newly-updated social and environmental criteria in our updated Supplier Code of Conduct.

Meanwhile our Procurement unit continues to offer further support through targeted engagement and training activities to assist suppliers to overcome business challenges and improve their alignment with INSEE's best practices on an ongoing basis.



# BUILDING OUR TEAM

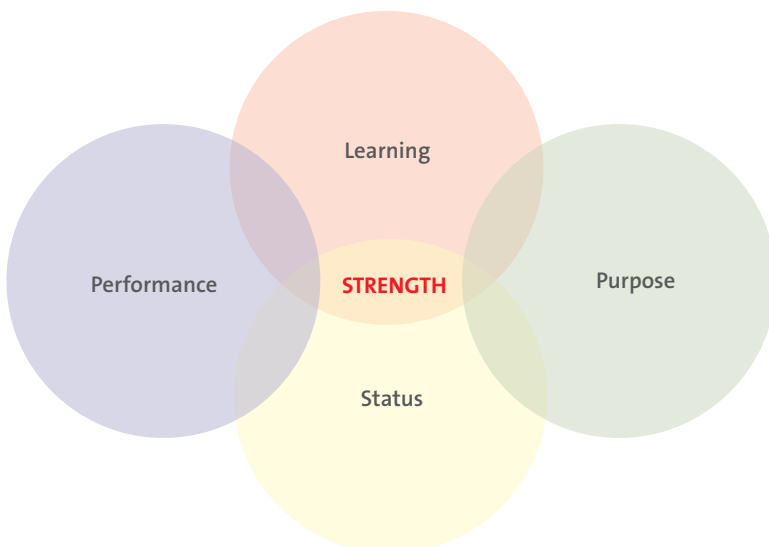
People & Culture



## Management Approach

At INSEE we consider our employees to be one of our most valuable assets. Each and every one of the 639 men and women who work for INSEE Sri Lanka, at our plants in Puttalam and Galle, across our network of warehouses and at our Head Office in Colombo, have a role to play in driving our strategy and achieving corporate objectives. Caring for our employees is therefore a top priority. We have invested in creating an environment where they feel valued, have a clear sense of belonging, know what is expected of them and are recognized and rewarded for their contribution.

To demonstrate this commitment, we have developed a unique and compelling Employee Value Proposition (EVP) to support the personal and professional growth of our people. Conceptualised under the theme; INSEE – MY STRENGTH, our EVP seeks to instill pride in being a part of INSEE, while ensuring each employee remains motivated, fully satisfied and valued for their contribution to the Company. This is done vis-a-vis four key pillars



**Performance:** INSEE ensures performance – INSEE strengthens our highly-talented employees to always strive for excellence within a high performances culture where teams connect seamlessly to deliver exceptional results (to build stronger together).

**Status:** INSEE gives you status – INSEE employees are strengthened with a prestigious status of working in a world class corporation that is strongly present across the seas and within our borders.

**Purpose:** INSEE gives you purpose – INSEE strengthens our employees to be purposeful by being customer-focused and social and environmentally responsible to be a responsible corporate citizen. INSEE cares for our people’s health and well-being.

**Learning:** INSEE strengthens our employees to become the best versions of themselves with high quality training and mentoring to manifest talents and skills to help them reach beyond boundaries.

GRI : 102-16, 103-2, 404-2

In a broader sense this robust new EVP aims to create INSEE ambassadors who will go on to enhance INSEE's credentials as an Employer of Choice in the market.

### Recruitment and Selection

At INSEE, we follow a highly-streamlined recruitment process based on the Annual Manpower Plan which captures the additional manpower requirements at all levels of our business. In fulfilling these manpower requirements, we seek to attract the best in-class talent from the market and in doing so ensure that recruitment and selection decisions depend entirely on the ability of the applicant to meet our selection criteria and their potential to be the best-fit for the INSEE culture.

As part of this commitment the recruitment and selection of all new employees remains open and transparent and in compliance with all relevant legislation. There have been no incidents of discrimination in the company. Moreover as a non-discriminatory employer, all applicants are treated fairly and will not be excluded based on their gender, marital status, social background, culture, religion or economic circumstances.

### Benefit Structure

We believe that our people should be paid fairly for what they do. We make sure that our benefits structure remains competitive and reflects our core beliefs to provide fair and consistent compensation for all employees, based on merit. At INSEE, we practice 1:1 ratio of the basic salary and remuneration of women to men for each employee category, at all locations of operations. We exercise zero wage discrimination based on gender, age or operation. We ensure that our employees benefit from all statutory leave entitlements, including annual leave, sick leave and maternity leave.

We regularly review our remuneration and benefit structures to ensure they stay relevant vis-à-vis the employee's job scope and responsibilities. Stemming from the result of the 2017 salary survey, several improvements were made to existing benefit structure, including; significant revisions to the transport allowance for middle managers in an effort to improve its alignment to the recent changes in the fuel prices in 2018.

A performance-linked remuneration scheme is also in place for Middle Management Level (MML) and above. The mechanism is used to determine the employees' eligibility for bonuses in a particular financial year, based on the result tabled by their respective Functional Team for the preceding year, with due consideration of the employee's contribution towards this performance.

### Employee Relations

At INSEE our culture is such that we start building a relationship with each employee from the very first day they join the company. Our employee on-boarding and induction processes are all designed with this in mind. In addition we have opened up both formal and informal channels to connect with employees across all our operations. Depending on the specific business, our interactions could be daily, weekly or monthly. These interactions also serve as a conduit for new ideas that could directly benefit the business.

As a priority, we also maintain open and fair dialogue with several trade unions and interest parties that represent certain segments of our workforce. In total 39.6% of the Full-Time Employees are covered by the collective bargaining agreements. The agreement is in place with the Inter-Company Employee Union (ICEU), which fully represents a Non-Management Level (NML) employees. Key aspects covered under the collective labour agreement include; Annual salary increment, Annual bonus payment, Individual performance achievement in terms of EBITDA, Safety, and Production (cement volumes) and KPI results in bonus calculation, Payment Gratuity (special allowance), Shift allowance, Annual trip and Disputes settlement. Further reiterating our commitment INSEE renewed its contract with the ICEU for a further period of three years commencing 2019.

In addition to the ICEU, INSEE also maintains relations with the SLNSS (Sri Lanka Nidahas Sevaka Sangamaya) as well as several other groups representing various employee categories. Over the years we have continued to strengthen relationships with these parties, which has enabled INSEE to sustain its skilled resource pool and prevent employee migration away from the organisation.









INSEE HR team wins Gold award in Large Scale Manufacturing Sector at National Level for "Social Dialogue and Work Place Cooperation" by the Ministry of Labour and Trade Union Relations.







## BUILDING OUR TEAM

People &amp; Culture







### Employee Resignations in 2018 by Gender, Age and Location

	<30		30-50		50>		Total	%
Full Time Employees only *Employees who fall under Direct employment								
Puttalam Cement Plant	02	0	04	0	0	0	06	0.9%
Aruwakkalu Quarry	0	0	0	0	0	0	0	0
Ruhunu Cement Plant	01	0	02	0	0	0	03	0.5%
Galle Cement Plant	0	0	0	0	0	0	0	0
Colombo Terminal	0	0	0	0	0	0	0	0
Colombo Head Office & Other (Other includes warehouse employees, RMX Plant, Ecocycle Lanka employees)	03	02	10	03	0	0	18	2.8%
<b>Total Resignations</b>	<b>06</b>	<b>02</b>	<b>16</b>	<b>03</b>	<b>0</b>	<b>0</b>	<b>27</b>	<b>4.2%</b>

### Employee Retirement in 2018 by Gender, Age and Location

	<30		30-50		50>		Total	%
Full Time Employees only *Employees who fall under Direct employment								
Puttalam Cement Plant	0	0	0	0	03	0	03	0.5%
Aruwakkalu Quarry	0	0	0	0	0	0	0	0
Ruhunu Cement Plant	0	0	0	0	0	0	0	0
Galle Cement Plant	0	0	0	0	0	0	0	0
Colombo Terminal	0	0	0	0	0	0	0	0
Colombo Head Office & Other (Other includes warehouse employees, RMX Plant, Ecocycle Lanka employees)	0	0	0	0	0	0	0	0
<b>Total Retirements</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>03</b>	<b>0</b>	<b>03</b>	<b>0.5%</b>

### Employee New Hires in 2018 by Gender, Age and Location

	<30		30-50		50>		Total	%
Full Time Employees only *Employees who fall under Direct employment								
Puttalam Cement Plant	01	0	02	01	06	0	10	1.6%
Aruwakkalu Quarry	01	0	0	0	0	0	01	0.2%
Ruhunu Cement Plant	04	01	01	0	0	0	06	0.9%
Galle Cement Plant	09	0	01	0	0	0	10	1.6%
Colombo Terminal	0	0	0	0	0	0	0	0
Colombo Office & Other (Other includes warehouse employees, RMX Plant, Ecocycle Lanka employees)	12	03	19	01	0	0	35	5.5%
<b>Total New Hires</b>	<b>27</b>	<b>04</b>	<b>23</b>	<b>02</b>	<b>06</b>	<b>0</b>	<b>62</b>	<b>9.7%</b>

GRI : 401-1

### INSEE Cement Sri Lanka total Employees in 2018 by Gender, Age and Employment Category

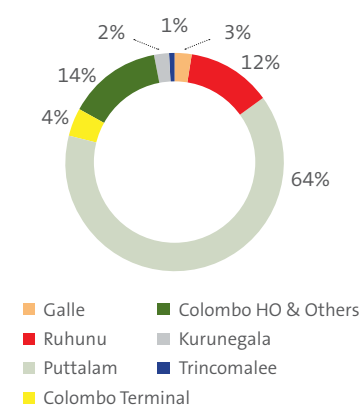
Employee category	<30		30-50		50>		Total	%
	Male	Female	Male	Female	Male	Female		
Top Management Level	0	0	05	0	02	0	07	1.1%
Senior Management Level	01	0	35	03	02	0	41	6.4%
Middle Management Level	20	06	100	14	07	01	148	23.2%
Front Management Level	42	07	90	03	13	01	156	24.4%
Non Management Level	49	02	176	01	59	0	287	44.9%
<b>Total Employees</b>	<b>112</b>	<b>15</b>	<b>406</b>	<b>21</b>	<b>83</b>	<b>02</b>	<b>639</b>	<b>100%</b>

Total Employees data includes Full time employees only\*. Third-party agency employees' count is monitored in a decentralised manner. Therefore, no detailed track is recorded based on gender and/or age. Further, the third party agency employees' count reported only includes regular count that is regularly maintained every month. It doesn't include the third party employees hired on need basis of the project requirement which is in addition to the regular count.

### Total Number of Third Party Employees Location-Wise

Location-wise	No. of emp
Galle Cement Plant	30
Ruhunu Cement Plant	137
Puttalam Cement Plant (including Aruwakkalu)	708
Colombo Terminal	46
Colombo Head Office & Other (Other includes Colombo warehouse employees, RMX Plant, Ecocycle Lanka employees)	153
Kurunegala Warehouse	24
Trincomalee Warehouse	09
<b>Total</b>	<b>1,107</b>

No. of Third Party Employees





# BUILDING OUR TEAM

People & Culture

## Average Training hours in 2018 by Employment and Training category (Not monitored by gender)

Training Categories	Cumulative of Employee Category (Hours)					Total	%
	Top Management Level	Senior Management Level	Middle Management Level	Front Management Level	Non Management Level		
1. Leadership	0	630.3	2173	297	3	3103.3	16.6%
2. Safety	0	52.5	1139.9	1431.8	1742.8	4367	23.4%
3. Technical	0	43	1553	1158	957	3711	19.9%
4. Functional	0	37	323.9	86.5	32	479.4	2.6%
5. General	32	968	2316.1	1670.5	774	5760.6	30.9%
6. Commercial	0	55	183	413	24	675	3.6%
7. Ecocycle	0	6	248.5	188	117.5	560	3.0%
<b>Total</b>	<b>32</b>	<b>1791.83</b>	<b>7937.4</b>	<b>5244.8</b>	<b>3650.3</b>	<b>18656.33</b>	<b>100.0%</b>
<b>%</b>	<b>0.2%</b>	<b>9.6%</b>	<b>42.5%</b>	<b>28.1%</b>	<b>19.6%</b>	<b>100.0%</b>	

Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations

303 hours including labour laws and HR processes

Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations

36 employees: 5.6% of full time employees.



Hours  
**303**



Employees  
**36**



Full Time Employees  
**5.6%**

## Employees category who received a regular performance and career development review during the reporting period in 2018 by gender

Employment Category	Gender		Total
	Male	Female	
Top Management Level	07	0	07
Senior Management Level	38	03	41
Middle Management Level	127	21	148
Front Management Level	145	11	156
Non-Management Level	284	03	287
<b>Total</b>	<b>601 (94.1%)</b>	<b>38 (5.9%)</b>	<b>639 (100%)</b>

Male to Female



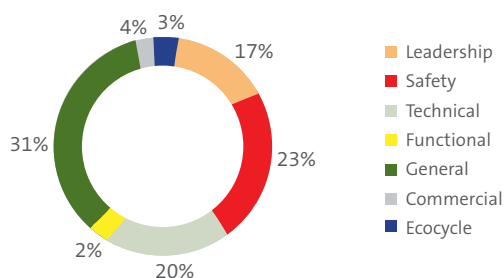
**94.1%**

VS

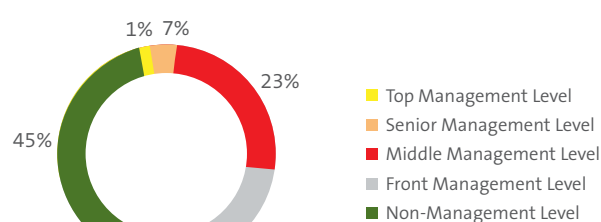


**5.9%**

### Training Hours by Category



### Performance Appraisals

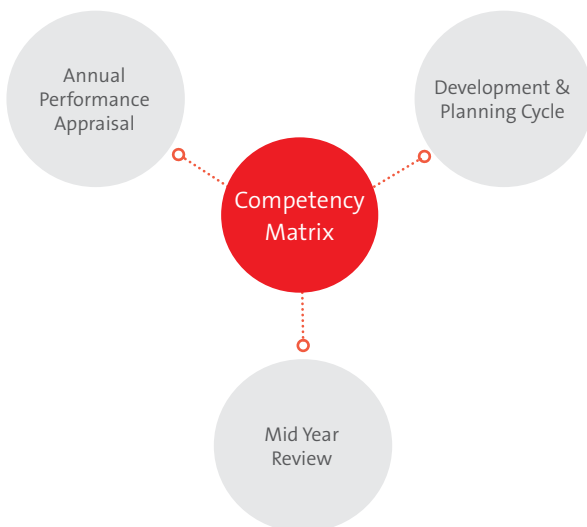


### Performance Management

INSEE’s performance management model is underpinned by a broad-based competency matrix that defines our expectations



regarding all our employees. This model allows us to carry out systematic performance evaluation and potential assessments based on standardised criteria. It is also the basis of strategic executive development and effective succession planning.



The competency matrix consists of three key components;

1. Development and planning cycle – essentially a goal setting exercise that is done through a consultative process between the employee and his/her supervisors.
2. Mid year review – helps to assess employee progress in line with pre-set Key Performance Indicators (KPI) and determine the need for recalibration to bring the employee back on track through mentoring and training. Our Systemised HR Services – Human Resources Information (HRIS) portal allows employees to keep tabs on their progress on an ongoing basis and take corrective action if and when needed.

3. Annual performance appraisal – where each employee is assigned a rating based on their level of achievement at the year end. The final rating assigned to employees is used to determine the annual salary increment, while year-end bonus entitlements are based on the overall achievement of KPIs. In 2018 all 100% of the Company’s employees received the annual performance review.

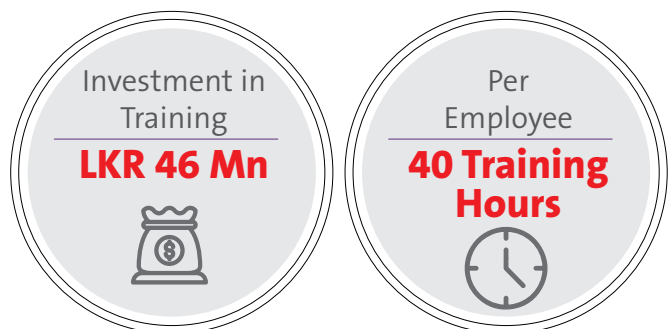
The overall achievement also serves as the main feeder to promote both lateral and vertical career mobility within INSEE. Signalling our intention to encourage Creator Career Mobility at all levels, we began working on developing a special performance evaluation and career development plan to help NML employees to move up the management hierarchy. NML employees are typically represented by collective bargaining agreements, with their performance evaluation done as per stipulated conditions. With much of the groundwork already completed, the initiative would likely be ready in time for the 2019 evaluation cycle.

### Learning and Development

INSEE is a learning organisation and as such training and development is a fundamental part of our business model. The training and development opportunities provided to our employees enable them to enhance the skills needed to perform their job roles and also provide the necessary credentials to pursue their long term career goals. In 2018, we worked with an annual training budget of LKR 46 Mn, which gave us the leverage to target a minimum of 40 training hours per employee for the year.

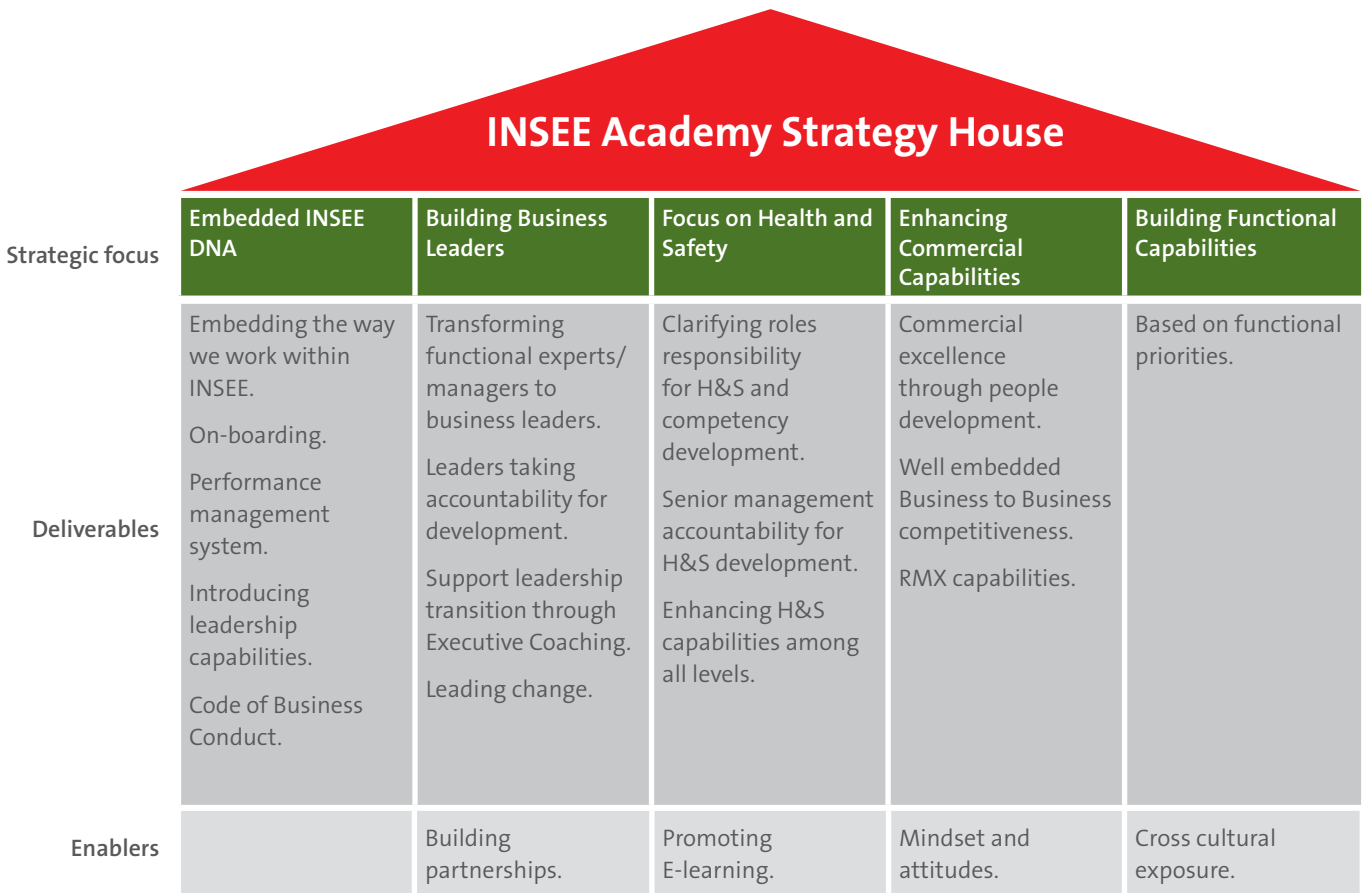
Our aim is to provide employees with learning opportunities on an ongoing basis and to maximise the impact of training resources using various unique mechanisms.

Taking the lead in this regard is the INSEE Academy, a mission-oriented learning model that seeks to create a world-class organisation backed by a strong talent pipeline geared to take ownership for advancing the company’s future growth trajectory. Driven by this overarching goal, the INSEE Academy



# BUILDING OUR TEAM

People & Culture



strives to benchmark the best in class people development strategy by focusing on;

- Reshaping mindsets towards more adaptive learning that will enable employees to learn and grow
- Providing the best environments and opportunities through tailor made training and employee exchange programs that expose employees to on-the-job training across the wider Siam City Group
- Creating a platform for blended learning through strategic partnerships with leading local and international learning institutions such as the National University of Singapore, Indian School of Business Franklin Covey Management Services and the Post Graduate Institute of Management (PIM) – Sri Lanka.

### INSEE Academy Strategy House

As a manufacturing organisation at core, we focus on providing a detailed skill matrix to improve the manufacturing capabilities of our people which also covers employee safety aspect at length for all full time and third-party employees.

Meanwhile, to expand the level of training for all corporate employees, we obtained 50 licenses through a tie up with the LinkedIn e-learning for platform in 2017. Following the success of this initiative, we also began looking at the possibility of further expanding the e-learning initiative to offer certified courses through affiliations with leading global universities and also began looking at ways to introduce e-learning for certain segments of our manufacturing operations as well.

The training activities carried out in 2018 focused on a broad range of topics, including leadership, technical, safety, functional, commercial as well as general areas, which collectively accounted for a total of 18,656 training hours. General training includes 303 hours spent on human rights training provided to 36 full time employees (5.6% of the total cadre).

### Diversity and Equality

Embedded in INSEE’s corporate culture is a positive and proactive approach to diversity and equality, which reflects our commitment to the core labour standards of the International Labour Organisation (ILO), and the UN’s Universal Declaration of Human Rights. This includes respecting the individual’s right to be a part of an association or group and working towards

GRI : 103-2, 404-2, 403-1, 408-1

abolishing child labour and forced or compulsory labour. Furthermore, we remain committed to ensure that the rights of employees are always respected and stand firm against any form of violence, harassment or discrimination.

And as an equal opportunity employer that embraces diversity in the workplace, we strive to maintain an inclusive work culture that supports diverse talent to contribute positively to the growth and productivity in line with the core values of INSEE Cement Sri Lanka as well as the broader objectives of our parent – Siam City Public Company Limited.

We expect all our employees to emulate these principles and behave respectfully towards their co-workers in compliance with INSEE's Code of Business Conduct for employees.

### Grievance Handling

As an organisation, we appreciate the importance of being sensitive and understanding towards the issues that may affect our employees from time to time. Our aim is to ensure that our people have access to proper channels through which they are able to direct any grievances they might have.

The 'Speak Up' line is the official mechanism made available for INSEE employees to voice any individual grievances. Managed by an independent party located overseas, all grievances filed through the 'Speak Up' line are handled impartially as per the very detailed process stipulated under the Siam City Cement Grievance Handling Policy. The Policy further stipulates that, irrespective of its nature, all grievances are required to be resolved within a stipulated period of time.

Collective grievances are managed through the collective bargaining agreement in consultation with union representatives.

### Motivation and Team Spirit

We believe that recognising employees for their achievements increases motivation and builds loyalty. In 2018 several categories of INSEE employees were recognised for their achievements in 2017;

- A total of six NML Best performers from the maintenance, production and quarry operations were sent to Siam City Cement Public Company main plant in Thailand on a learning mission.
- NML and FML, MML best performers were sent to Outbound Training as part of broader strategy to increase team cohesion and promote engagement.
- The 'INSEE Rewards' spot recognition card launched in August 2017, was fully rolled out in for all employees in 2018. The objective of the program is to immediately

recognise exceptional efforts of an employee or team rather than doing so at the year end. Under the scheme, individuals and teams can earn rewards points for demonstrating their commitment to any four pillars-living the INSEE commitments, going the extra mile to deliver exceptional performance, contributions to make INSEE a safer work environment and innovation in practice. Employees can then redeem the points accumulated on their INSEE Reward card to purchase goods from company approved Visa merchant outlets in Sri Lanka.

### Work-Life Balance

Given the level of commitment we expect of our employees in their daily work, we believe it is equally important to ensure that they are able to maintain a healthy work-life balance. This was the basis for the launch of INSEE Step-Up, a wellness program to encourage healthy habits that contribute towards improving health outcomes for our employees. Pivoted on four key areas; Physical Activity, Healthy Eating, Mental & Spiritual Well-being and Health Assessments and Report Management, the ultimate goal here is to cause a culture shift that will prompt INSEE employees to make lifestyle changes that focus more on Health and Wellness activities.

### Employee Satisfaction

The measure of employee satisfaction is a key indicator that testifies to the effectiveness of our human resource processes. At a minimum an employee satisfaction survey is conducted bi-annually. The most recent employee engagement survey was conducted in Mid-2017 by Mercer Sirota.

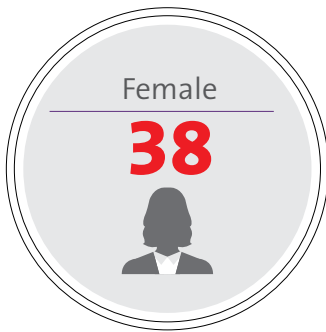
Further, in 2017 we took a slightly different approach and conducted what we like to call the 'Employee Value Proposition' or EVP study to understand what our employees expect from INSEE in its role as their employer. To cover employees at all INSEE locations, the EVP study was conducted over several months through a number of focused group sessions, one-on-one interviews as well as executive committee meetings. The EVP model outlined and implemented in 2018 under 'INSEE MY STRENGTH' theme was developed based on the results of this EVP study.



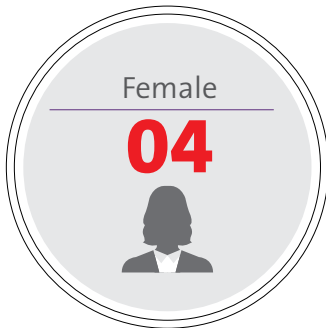
## BUILDING OUR TEAM

In 2018 the total of 38 (5.9%) female employees were entitled to maternity leave, of which four made use of their entitlement, with \*two returning to work after completing their leave during the same year. Male employees are not granted parental leave.

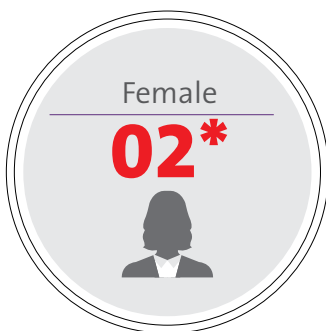
### Total number of employees entitled to parental leave, by gender.



### Total number of employees that took parental leave, by gender.



### Total number of employees that returned to work in the reporting period after parental leave ended, by gender.



- Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender (who took leave in the last reporting period (2017), who were employed for all 12 months in the current reporting period (2018)  
Zero – this is not applicable because no one took maternity leave during year 2017
- Return to work and retention rates of employees that took parental leave, by gender  
Zero – this is not applicable because no one took maternity leave during year 2017



# INSEE CEMENT ACADEMY

accelerating growth



I first joined the Youth Vocational Training programme in August 2017 with the intention of improving my electrical knowledge. After joining I found that the programme to be very different to other short courses I had followed in the past. This was a comprehensive course that offers a NVQ level-4 certification at the end of two years. So after completing my academic year in August 2018 where I studied electrical and mechanical theory, I was immediately assigned to INSEE's Puttalam plant to complete the practical component. I am currently receiving on-the-job training as an electrical apprentice and have already learnt a great deal in a few months. I find the practical training aspect very interesting because it has helped me to apply my theoretical knowledge in real situations. I hope to complete my training by August 2019 and finally realise my dream of becoming a fully-fledged electrician. I would like to sincerely thank INSEE Cement for making this possible.

**T. A. L. Chandimal**  
 Student, Youth Vocational Training Program

# WORKING FOR THE COMMUNITY



Responsibility



Annual Medical Camp in Eluwankulam

## Management Approach

At INSEE, our Corporate Social Responsibility (CSR) is not limited only to our business processes and direct impact, but goes beyond to serve the interests of society.

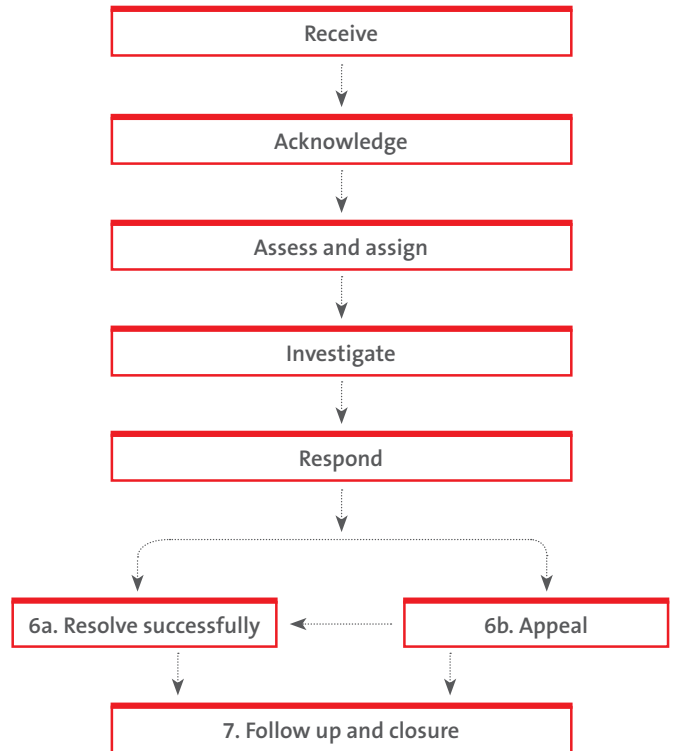
Being part of a wider group, our focus on CSR is unique. We are trained to “think globally and act locally” and see how we can use our business as a platform to find solutions for some of the gravest social issues in Sri Lanka today. This understanding of our role has helped define our CSR priorities and enabled INSEE to direct its resources to address issues of national importance, such as; livelihood, education, clean water and sanitation, and environment conservation – four areas which we feel have the greatest impact towards improving the quality of life for our communities.

We are especially invested in working for the benefit of communities in and around our Puttalam and Ruhunu Cement plants. Taking the lead in this regard is the plant-level Community Advisory Panel (CAP) made up of external stakeholders such as, community leaders, District Secretariat authorities, and Grama Niladari’s and an internal cross functional team including the Plant Manager, Plant Environment Manager and a representative from the Corporate Reputation Unit. With ground-level access to the community, the CAP is tasked with identifying potential project areas that reflect INSEE’s CSR priorities.

Our CSR funds are maintained under the purview of the Corporate Reputation Unit, the main body responsible for ensuring all CSR activities undertaken are in alignment with INSEE’s CSR priorities. In this context, the Corporate Reputation and Plant CSR Unit performs a multi-functional role, including;

- 1) Evaluating project recommendations made by the plant-level Community Advisory Panel,
- 2) Providing oversight for the execution of plant-level projects
- 3) Spearheading corporate sustainability initiatives that support INSEE’s broader sustainability vision.

## Community grievance procedure



GRI : 103-2, 103-3



### Community Grievance Handling

Part of our commitment to the community includes maintaining open and transparent communication with community stakeholders. In fact INSEE has made an explicit commitment to promote constructive social dialogue vis-a-vis the plant-level CAP. The CAP is responsible for building ties with the community through continuous and ongoing engagement with all key stakeholders. In addition, the CAP holds a formal annual meeting to reach out to community leaders and share ideas that can further improve our efforts to bring about meaningful long term social change.

Any grievances raised by the community are also brought to light at these annual meetings, with every attempt being made to resolve such grievances through common consensus at the meeting itself. However, should this not be possible, the issue is escalated to the Corporate Reputation Unit for appropriate action.

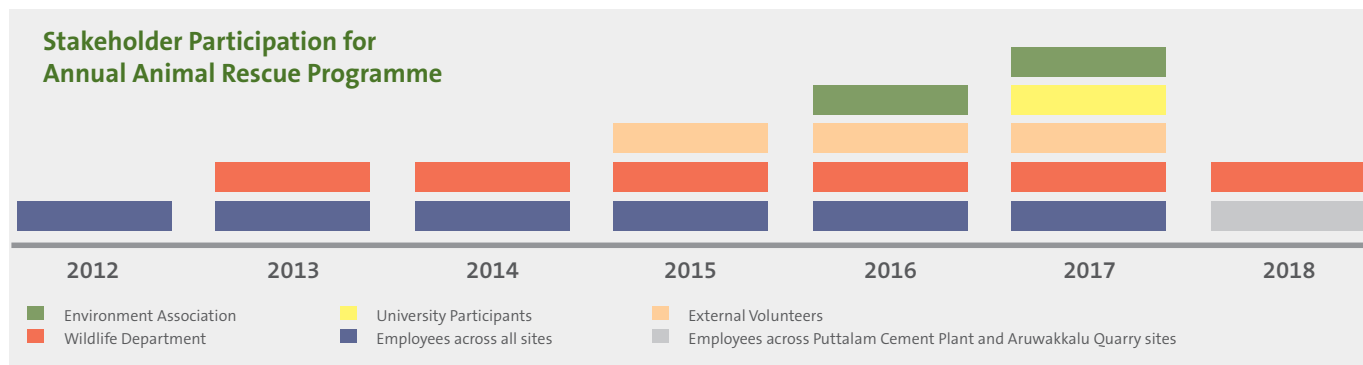
Once grievances are resolved to the satisfaction of all parties, the lessons learned from the experience are used as the basis for implementation of necessary corrective action to prevent the recurrence in the future.

### Employee Volunteerism

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.

While it is not compulsory that employees volunteer, we feel it is important that each employee commits to experience the initiatives themselves to impart the value of 'responsibility'.

Embodying these values, the INSEE Employee Volunteer program is designed to give employees with the opportunity to volunteer for the Company's environmental conservation activities. The INSEE Employee Volunteer programme was first launched in 2009, with the intention of encouraging employees to participate in the relocation of species of fauna from the Company's Aruwakkalu quarry, an initiative that is made possible attributed to the long-standing partnership with the International Union of the Conservation of Nature (IUCN). The initiative is driven by the Sustainable Development and has for the past nine years seen hundreds of INSEE employees volunteer for the Annual Animal Rescue Programme.



### Capturing Methods





# WORKING FOR THE COMMUNITY



## Breakdown of Species Rescued by Conservation Status and Species Status (2009-2018)

Rescue and release program (year)	Total number of individuals rescued	Total number of species rescued	Number of endemic species	Number of threatened species			Number of near threatened species	Number of data deficient species	Percentage of endemic species	Percentage of threatened species
				CR	EN	VU				
2008	139	-	-	0	0	0	-	-	-	-
2009	226	>33	6	0	0	1	-	-	-	-
2010	623	48	10	2	0	0	3	5	20.84%	4.17%
2011	616	39	13	1	0	1	3	6	33.33%	5.13%
2012	1848	61	20	2	0	1	3	5	32.79%	4.92%
2013	2377	77	15	2	4	4	0	2	19.48%	12.99%
2014	1949	82	15	2	5	4	1	2	18.29%	13.41%
2015	3218	78	17	1	6	5	0	1	21.79%	15.38%
2016	2065	64	10	0	4	4	0	0	15.63%	12.5%
2017	2074	63	12	0	4	4	0	0	19.05%	12.7%
2018	2034	83	12	1	2	2	2	4	14.35%	6.02%



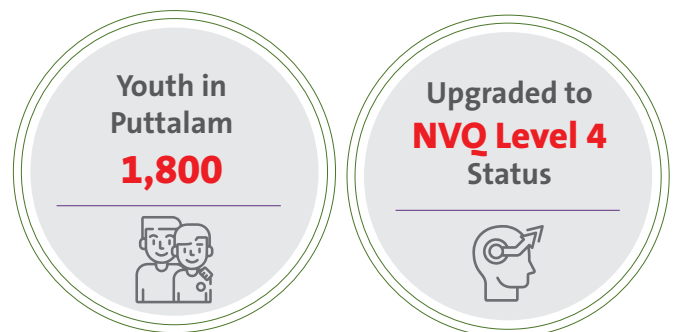
### Youth Vocational Training Programme

Based on the belief that education plays decisive role in sustainable development, INSEE has continued to support the national skills development strategy through our long-standing involvement in the Youth Vocational Training program, a special skills development initiative for youth in the vicinity of our Puttalam Cement Plant. Made possible by an MoU with Enterprise Based Vocational Education (EVE) Training Centre and the National Apprentice and Industrial Training Authority (NAITA), the Youth Vocational Training program is designed in line with the National Vocational Qualification (NVQ) curriculum. The program was first developed in response to requests made by the community via the annual CAP meetings.

It is a two and a half year course, where the training and coaching is done by dedicated trainers from NAITA. Students spend the first year learning the basics of pneumatics, hydraulics, lathe/milling, autoCAD, etc. along with additional lessons in English and IT, while in the second year they receive full-time practical training at our Puttalam Cement plant. All second year trainees are paid a monthly allowance in addition to transport, meals and technical support provided.

Since its launch in 2007, the Youth Vocational Training program has benefitted over 175 youth in Puttalam and surrounding areas who have successfully graduated as technicians in electrical and metal fabrication. Many who graduated have been absorbed by INSEE as full-time employees, while others continue to engage as independent contractors across the industry.

In 2010 the course was upgraded to NVQ level 4 status.

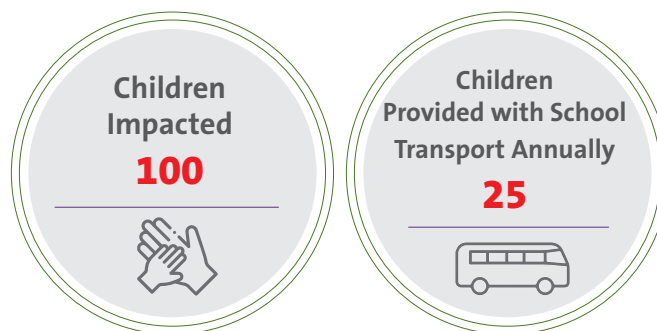




### Student Support

We believe that children are an integral part of our society and have remained firmly committed to support children’s education for the past three decades. INSEE has undertaken to empower over 100 children each year by directly supporting their educational needs based on their requirements from Grade 5 upwards. We also conduct GCE/Ordinary Level Examination Seminars for students. Further we extend our support to schools in the Puttalam area by sponsoring subject teachers for several core subjects (Maths, Science and English language). The ultimate goal here is to build future leaders, by uplifting standards of education and inculcating proper social values at a grass root level.

For the past 10 years, we have also been providing the INSEE school van services for the children living in the Gangewadiya village to travel to the Eluwankulam Sinhala Vidyalaya, Puttalam. The INSEE school van service supports around 25 children every year, who would otherwise not have an opportunity to attend school.



### INSEE Concrete Challenge

An ongoing initiative by INSEE developed in partnership with the Institute of Engineers Sri Lanka (IESL), the Concrete Challenge is a unique programme that empowers youth through knowledge dissemination and experiential, innovation-based learning.

Since first being launched in 2014, we have strived to raise the bar with each successive challenge. The fifth edition of the INSEE-IESL Concrete Challenge was launched in August 2018 under the theme ‘Self Compacting Concrete for Sustainable Construction’ with INSEE Extra; INSEE EXTRA is the country’s first fly ash blended cement, the first sulphate resistant cement certified by SLSI and the first sulphate resistant low heat cement certified by British Standards. The Concrete Challenge attracts final year Civil Engineering students of the State Engineering Universities of Moratuwa, Peradeniya, Ruhuna, Jaffna, South Eastern and the Open University of Sri Lanka, all competing for top honours. The INSEE-IESL Concrete Challenge 2018 concluded with the winners being announced at TECHNO Sri Lanka 2018, the flagship event of the IESL and the largest and the only engineering and technology exhibition held in Sri Lanka. 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.

I have been teaching at Sanstha Cement preschool for the last 30 years and have come to really appreciate the commitment shown by the Company towards improving the standards of the preschool and supporting the students in numerous ways. The annual field trip, the annual Christmas event, sports meet, etc. are all events sponsored by INSEE. The Company gives annual cash grants to all students of this school, which is a big relief for their parents who are financially challenged. These measures have helped in encouraging parents to continue to send their children to school and I am happy to say that the average attendance level at the school is close to 90%.

**S. B Chandrakanthi**  
Sanstha Cement Preschool in Eluwankulam

GRI : 413-1

# WORKING FOR THE COMMUNITY

Responsibility



Officials of INSEE and Institution of Engineers Sri Lanka (IESL) at the launch of INSEE-IESL Concrete Challenge 2018



2014 Winner – University of Moratuwa



2015 Winner – University of Peradeniya



2016 Winner – University of Ruhuna



2017 Winner – University of Moratuwa



2018 Winner – University of Jaffna

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. The IESL-INSEE Concrete Challenge competition will continue with a heavy focus on green and sustainable concrete in 2019.

GRI : 413-1





**Clean Water Project**

To commemorate World Children’s Day on the 1<sup>st</sup> of October 2018, INSEE commissioned a Reverse Osmosis (RO) water treatment plant to provide safe and clean drinking water for around 500 school children who attend the Medhananda Junior College in Bodhirajapura located opposite INSEE Puttalam Cement Plant.

Overall in 2018 we have touched the lives of over 2,000 children through thought provoking awareness seminars, environmental CSR initiatives, while investing in providing their basic drinking water facilities.



**500**  
Students Provided with Safe & Clean Drinking Water


**2,000**  
Children Impacted in 2018



**Community Wellness Initiatives**

We have taken it upon ourselves to support underserved communities in Puttalam and Aruwakkalu with the aim of improving the health and well-being of hundreds of villagers in these areas. To execute this commitment, we have undertaken to maintain, on an ongoing basis, two medical centres providing free medical consultation and prescribed medicinal drugs. Medical facilities are provided twice a week for both Eluwankulam and Puttalam communities and few other underprivileged communities around the area. In addition, we conduct an annual medical camp in Puttalam, Aruwakkalu

and Galle offering free medical screening and consultation to neighbouring communities. At the request of INSEE’s in-house Medical Doctor Dr. S. Dematapitiya, many more specialist doctors have also been offering their support for this annual endeavour by INSEE.



Eluwankulam is a very remote area in the Puttalam District. We found that the people in the surrounding villages have to travel as much as 12-15 Km in difficult conditions to get to any form of medical assistance.

The decision to hold a weekly medical clinic in the Eluwankulam area was therefore an obvious one for INSEE. The INSEE medical clinic, held every Wednesday between 9am-12 noon has proven to be a great service for the people of the area.

In addition to routine medical assistance, the weekly clinic offers treatment for patients suffering with diabetes as well those with high blood pressure. Since these patients have little or no access to regular screening facilities, we conduct necessary tests and prescribe basic medication free of charge. We also keep track of their progress every week.

In addition, we also conduct an Annual Medical Camp to enable these communities to receive specialist medical care. The camp held in December 2018 saw the participation of around 12 specialist doctors from various disciplines, including cardiologists, nephrologists, paediatricians, etc.

Meanwhile, at the Puttalam Cement Plant we have set up a special medical support unit to cater to the needs of the communities living in and around the plant. The medical unit is run under my supervision and functions every day except for Thursday. On any given day between 20-30 patients from the community seek assistance of the medical support unit.

**Dr. Senarathna Dematapitiya, M.B.B.S (Cey)**  
INSEE Medical Doctor



# WORKING FOR THE COMMUNITY

Responsibility



School Drug Awareness Program in Galle



## Campaign to prevent drug use among youth

Following the success of our first awareness campaign held in Galle in 2016, we have since accelerated our efforts to focus on raising awareness among all school children, specifically those aged 14 to 18 years. Given the benefit for children and the reach of the programme, we have marked this as one of the important programmes in our sustainability calendar, to be carried out once in two years in the areas we operate, such as, Galle, Puttalam and Aruwakkalu.



The INSEE Cement Plant in Galle is heavily involved in supporting the communities in the areas. More importantly I have found that they made a conscious effort to address key social issues of our

time. The drug and alcohol prevention program conducted is a timely need that tackles one of the most serious issues pervading our society and slowly destroying our youth. I must commend INSEE for taking the lead in reaching out to hundreds of students and teachers in the area, to raise awareness through the drug and alcohol prevention campaign. Thanks to this campaign, drug and alcohol prevention has now become a frequent talking point in the school agenda as well among youth-based organisations in the area.

**Mr. Chandana Alahakoon**

*Deputy Inspector General of Police – Galle District*

The 2018 campaign was carried out to coincide with the World Children’s Day programme held in Wanathawilluwa on the fourth of October, which gave us the opportunity to reach out to over 600 students in eight schools from the Wanathawilluwa Divisional Secretariat area.

Our decision to focus mainly on this bracket is based by research that puts this age range in the high-risk category. Hence our program objectives are:

- To educate school children sufficiently to ensure that they reject illegal drugs, alcohol and tobacco.
- To educate students about the danger of drug use and the benefits of drug prevention.
- Encourage youth to engage in healthy lifestyles that would ensure they stay away from these bad habits.
- Make school children aware on how they can face challenges related to drugs in their day to day activities and environments.
- Encourage and assist communities for preventing drug abuse and drug trafficking.



One-Child One-Tree school reach program in Anuradhapura



Green leaders at the launch event in Talawa Tiripanna Vidyalaya

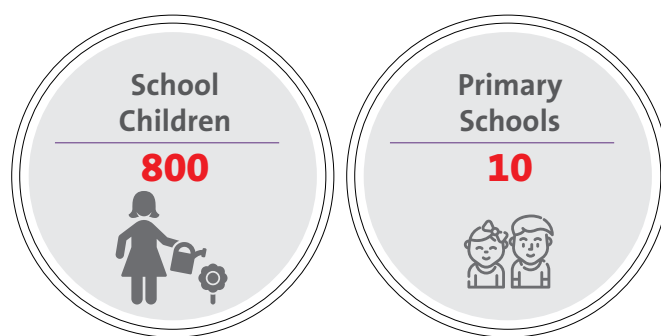


**One-Child One-Tree Project**

The campaign One-Child-One-Tree was a new initiative launched in 2018 with the focus of planting Green Leaders in Sri Lanka. The first phase of project reached out to around 800 school children from 10 primary schools in and around the outskirts of Anuradhapura.

The initiative was spearheaded by INSEE in partnership with the Colombo Plan, the support of the Ministry of Education, the local partner Tarana Foundation and Rev. Aswatta Sumanasiri Thero, the community religious leader.

The programme was officially launched in Talawa Tiripanna Vidyalaya whereby every child aged between five and 13 was gifted a coconut sapling. The idea here is not only to increase the number of trees planted but to create future leaders who will be committed to the environment.



# COMMITMENT TO THE ENVIRONMENT



Responsibility



Artificial wetland, now eased into a natural aquatic habited that supports many species dwelling in water-logged areas in Aruwakkalu

### Our Commitment



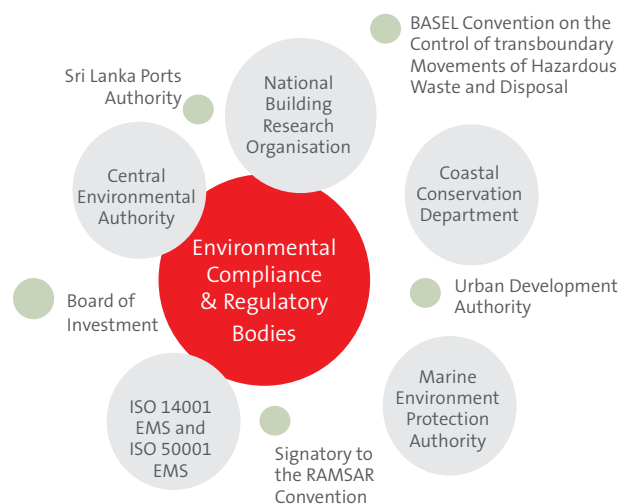
### Management Approach

At INSEE, we want to set an example by taking definite action to support the Paris Climate Agreement, which aims to prevent the rise of global temperatures. Environmental protection management therefore goes hand in hand with the INSEE business strategy. We operationalise this commitment through a two-pronged roadmap that focuses on the following,

- Integrating environmental considerations into decision making at all levels of the organisation through a broad-based environmental monitoring and reporting system developed in line with ISO 14001 EMS and ISO 50001 EMS.
- A strong oversight framework to ensure our plants are fully compliant with all regulations applicable to the business, including the National Environmental Act and specific covenants particular to the North Western and Southern

Provincial Environmental Authorities where our Puttalam, Ruhunu and Galle Cement plants are located.

All cement plants operate under the Environmental Protection License issued by the Central Environmental Authority. Moreover, in the process of setting up each plant, additional approvals have also been obtained from the Coastal Conservation Department, Marine Environment Protection Authority, Board of Investment (BOI), National Building



GRI : 103-2, 103-3



Research Organisation (NBRO), Urban Development Authority (UDA) and Sri Lanka Ports Authority (SLPA).

INSEE is also a signatory to the RAMSAR Convention – the International Treaty for the Conservation and Sustainable use of Wetlands as well as the BASEL Convention on the Control of Transboundary Movements of Hazardous Waste and their disposal, further testament of our willingness to adopt globally accepted best practices for the benefit of the wider community.

All our manufacturing locations have a professional environment team assigned to oversee the implementation of our environmental directives and to ensure monitoring and reporting of plant-level performance against key environmental metrics. The success of our environmental management program is also largely dependent on continuous and ongoing improvement. Our efforts in this regard are driven mainly by the annual plant-level spot measurement index supported by frequent audits conducted as part of the ISO 14001 EMS and ISO 50001 EMS annual recertification process.

**Financial Implications, Risks and Opportunities due to Climate Change**

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, customers and supply chain, in turn affecting our ability to execute the strategy and ultimately the profitability of our business.









Developing appropriate strategies to identify, manage and respond to climate-related risks and opportunities across our business is therefore seen as a critical priority for INSEE. Our main focus is to build resilience against climate impacts by aligning with policy and technological changes and investing in innovative solutions and products that support a smooth transition to a low carbon future. In doing so we will also look for compelling opportunities that will enable INSEE to firm up its position as a sustainable green business.

**Materials**

As a leading cement manufacturer in Sri Lanka, INSEE’s annual production capacity is approximately 2.7 Mn tonnes of cement. To feed this requirement, we rely on a range of non-renewable materials, most notable among them; clinker, gypsum, slag and coal.

Clinker is a main raw material used for the production of Ordinary Portland Cement (OPC) and is used in different percentages depending on the properties sought for the final product.

Gypsum is hydrated calcium sulphate in chemical form. An indispensable component in the cement manufacturing process, gypsum is a rewarding agent known for its ability to regulate the hardening cement.

Risks	Opportunities
 <p>Increased energy costs from changes in carbon or energy policy in the countries from which we import clinker.</p>	 <p>Introduce energy efficiency initiatives to streamline operations and reduce costs.</p>
 <p>Pollution concerns that may lead to the closure of energy-intensive manufacturing facilities, which has the potential to affect the supply balance and price of raw materials such as imported clinker, synthetic gypsum and slag.</p>	 <p>Invest in developing alternative energy to achieve energy reduction targets and thereby control INSEE’s carbon footprint.</p>
 <p>Changes in construction industry standards on materials efficiency and regulation of existing products in buildings and large construction and infrastructure projects, as well as shifts in consumer preferences towards low carbon construction materials.</p>	
 <p>Extreme weather-related events such as cyclones, storms and floods may result in business interruption due to plant damage or cause supply chain disruptions, breakdown in transport and logistics systems, ultimately leading to delays in customer deliveries.</p>	
 <p>Unseasonal droughts that can have an impact on day-to-day operations especially at Puttalam Cement Plant.</p>	
 <p>Rising sea level and its impact on coastal degradation can have an impact on the activities of the Ruhunu and Galle Cement Plants, which are located along the coastal belt.</p>	

GRI : 102-11, 102-15, 103-3



# COMMITMENT TO THE ENVIRONMENT

Responsibility

Slag is a by-product of iron manufacturing process. Slag is used as an additive for Ordinary Portland Cement in the production of concrete mixes. Coal serves as a key energy source in cement production.

INSEE imports clinker, gypsum, coal, cement and slag each year from suppliers around the world. In addition to these raw materials, INSEE also procures heavy duty packaging materials for 50kg bags made of the kraft paper.

In keeping with globally-accepted best practices, INSEE uses only environmentally-friendly raw materials and packaging materials.

## Energy Management

Cement production is typically an energy-intensive industry that relies heavily on coal and electricity. Coal is used to fire the Puttalam Cement Plant kiln to temperatures in excess of 1450°C in order to produce clinker, while electricity is needed to power the grinding and mixing systems at both Puttalam and Ruhunu Cement Plants. The need for energy efficient production systems is therefore a given. Ongoing efforts in this regard are underpinned by the ISO 50001 : 2011 Energy Management Standards that focus on energy management at all levels of our business. In 2018, 125,434,477 kWh of electricity was consumed by INSEE across all operations, with the Puttalam Cement Plant and the Ruhunu Cement Plant together accounting for 96% of the total consumption (Puttalam - 72% and Ruhunu - 24%). A slight increase in the Company's overall electricity consumption is seen in 2018, mainly on account of the additional requirements following the commissioning of the RMX Plant in September 2018 and the commencement of production at the Galle Cement Plant in November 2018.

Taking the first major step towards reducing the dependency on fossil fuels especially coal, we have begun conducting research on the use of greener fuels. Leveraging on the expertise of our INSEE Ecocycle initiative, we have invested in a waste-processing facility to channel non-hazardous industrial waste-products from other industries in order to produce bio fuel for our Puttalam Cement Plant kiln. Using only non-hazardous waste such as fabric waste, wood waste as well as commercial waste such as paper, cardboard, packaging and some plastics, the facility currently meets approximately 34% of the energy requirements for the Puttalam Cement Plant kiln. Ongoing improvements continue to be made in line with our energy security plan, which targets to increase the proportion of alternative fuels in the fuel mix to 45% by 2020.

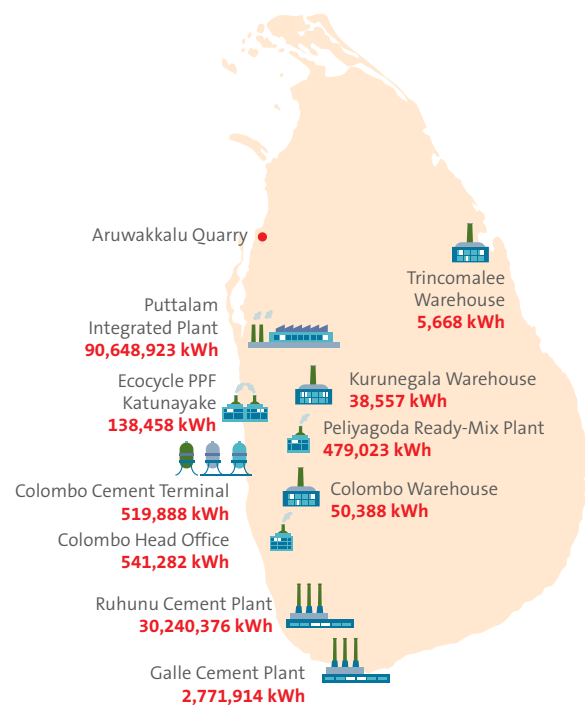
While reducing INSEE's coal consumption, our bio fuel project is also a net contributor towards the national waste disposal program.

Increasingly we have also begun focusing on developing low carbon content products, specifically looking at reducing the proportion of clinker in our cement in order to improve our clinker factor. Following years of research we began adopting a new clinker base that requires approximately 30% lower combustion temperatures than conventional clinker. This led to the launch of the INSEE Superior blended cement range in 2018, marking a significant step in our efforts to migrate to low-carbon content products.

## Total Electricity Energy Consumption in 2018 by Location

Reporting Period 2018 From 1 <sup>st</sup> Jan 2018-31 <sup>st</sup> Dec 2018	Direct energy consumption (kWh)
Colombo Head Office	541,282
Puttalam Integrated Plant (Includes Puttalam Cement Plant and Aruwakkalu quarry operations)	90,648,923
Ruhunu Cement Plant	30,240,376
Galle Cement Plant	2,771,914
Colombo Terminal	519,888
Ecocycle Pre-processing Facility Katunayake	138,458
Ready-Mix Plant Peliyagoda	479,023
Kurunegala Warehouse	38,557
Colombo Warehouse	50,388
Trincomalee Warehouse	5,668

*Standards, methodologies, and assumptions used: electricity consumption*



GRI : 103-3, 302-1

## Water Management

Regardless of the fact that the dry process of cement production uses minimum water, we remain conscious of water-efficiency in other areas of our plant operations. Hence our water resource management efforts focus on the careful use of water, setting up of rainwater harvesting infrastructure and investing in effluent treatment plants.

In 2018, a total of 146,324 m<sup>3</sup> of water was withdrawn for use in the Company's operations. Of this 62% was ground water withdrawn through deep tube wells installed at the Puttalam Cement Plant, while the remaining 38% was from Municipal Water sources. No water bodies were affected or damaged by these water withdrawals. INSEE's water usage has been noted in 2018, mainly on account of the additional requirements following the commissioning of the Ready-Mix Plant in September 2018 and the commencement of production at the Galle Cement plant in November 2018.

As part of the first phase of the INSEE Water Directive a mechanism to measure and report on water recycling data was put in place at the Puttalam Cement Plant. Data collected

**4,200m<sup>3</sup>**  
Total volume of water recycled and reused  
by Puttalam Cement Plant

**4% Total volume of  
water recycled and reused**  
as a percentage of the total water withdrawal in  
Puttalam Cement Plant

*Standards, methodologies, and assumptions used for calculating total volume of water recycle and reused: INSEE Water directive*

through this mechanism showed that almost 4% of the water withdrawn by the Puttalam Cement Plant in 2018 was recycled and used where possible and practical in the day-to-day operations. Data monitoring at other plant locations is expected to be formalised in 2019.

## Total volume of water withdrawn in 2018 by location and Water Sources

Reporting Period 2018 From 1 <sup>st</sup> Jan 2018 - 31 <sup>st</sup> Dec 2018	Water withdrawal (ltr '000)	Water Sources
Colombo Head Office	2,921	Municipal water
Puttalam Integrated Plant (Includes Puttalam Cement Plant and Aruwakkalu quarry operations)	97,843	Deep well: 80,770 m <sup>3</sup> Surface Water: 16,473 m <sup>3</sup> Rain Water harvesting: 600 m <sup>3</sup> Recycled water: 4,200 m <sup>3</sup>
Ruhunu Cement Plant	25,334	Municipal water
Galle Cement Plant (Water usage increased from Nov 2018 since the plant production started.)	5,098	Municipal water
Colombo Terminal	3,997	Municipal water
Ecocycle PPF Katunayake	1,763	Municipal water
RMX plant Peliyagoda (RMX plant water usage is recorded from Sep 2018 onwards post production operations of the plant.)	1,732	Municipal water
Kurunegala Warehouse	2,160	Municipal water
Colombo Warehouse	5,415	Municipal water
Trincomalee Warehouse	61	Municipal water
<i>Standards, Methodologies, and Assumptions used: INSEE Water Directive is followed to measure in Puttalam Cement Plant and direct water measurement is applied for water measurement in other locations. INSEE Water Directive methodology will be standardised from year 2019.</i>		

# COMMITMENT TO THE ENVIRONMENT

Responsibility

Moreover, with water scarcity fast becoming a global catastrophe, INSEE has renewed its commitment to mitigate the impact of its activities on natural water resources in surrounding areas for the benefit of community. As a policy our plants do not discharge water or wastewater to the ground and all water used in our operations is treated in sewage or effluent treatment and Reverse Osmosis Plants and used for dust suppression, gardening and other purposes. In addition, we comply with stringent environmental regulations to ensure that our raw material quarrying activities do not damage local bodies of surface water and ground water resources in the wider Puttalam area.

## Effluents and Waste Management

Our primary focus in terms of waste management concerns the kiln dust that is a by-product of clinker production. Several dust suppression initiatives have been implemented at both Puttalam and Ruhunu Cement Plants, while dust emissions and ambient air quality at both plants are continuously monitored to ensure they remain within the Central Environment Authority's baseline standards.

More recently we have also begun exploring the possibility of channelling kiln dust as an alternative raw material in cement production, thereby improving our environmental efficiency. However this research is still at the initial stage and requires further refinement in order to reach the level of commercial application.

## Emission Control

For centuries the methodology for producing cement has remained unchanged. Cement production, which requires the burning limestone at high temperatures to create clinker has been responsible for large amounts of combustion-related CO<sub>2</sub> emissions. Amidst this backdrop, INSEE has for many years been diligently striving to reduce CO<sub>2</sub> emissions. Over the years we have continued to upgrade our combustion equipment, made improvements in raw materials preparation and introduced sophisticated monitoring systems, all with a view to reducing GHG (Scope 1) emissions resulting from our Continuous Emission Monitoring (CEM) activities as a cement manufacturer.

### 573 kg CO<sub>2</sub> / Ton of Cement

Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent in Puttalam

*Gases included in the calculation: CO<sub>2</sub>  
Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent: None  
Emissions in the base year: 2018  
Consolidation approach for emissions: Operational control  
Standards, methodologies and assumptions used: INSEE CO<sub>2</sub> protocol*

Under the INSEE CO<sub>2</sub> protocol, Scope 1 emissions are measured only at the Puttalam Cement Plant, with data collected for 2018 showing 573 kgCO<sub>2</sub>/ Ton of Cement of Scope 1 emissions.

Meanwhile as part of our 360-degree approach towards emission control, we have in recent years also begun to address the indirect GHG (Scope 2) emissions generated through our logistics operation. In 2018 we undertook an ambitious initiative to revamp the logistics model used to transport shipments of imported raw materials (clinker, gypsum, and coal) arriving at the Trincomalee Port. Under the revised model, several changes were made to improve the efficiency of the transport mechanism used to deliver clinker and coal shipments from Trincomalee to the Puttalam Cement Plant. The fleet was upgraded with more efficient vehicles, while route monitoring software was introduced to ensure efficiency optimisation, A similar model was also introduced for the transport of gypsum from the Colombo Port to Puttalam Cement Plant.

Further improvements were made to strengthen the ship-to-ship operation used to transfer clinker from Trincomalee to Ruhunu Cement Plant in order to reduce the need for road transport. As part of this same effort, the Galle outer anchorage was commissioned and operationalised through a ship-to-barge operation.

It is expected that a combination of these efforts would lead to a significant reduction in INSEE's overall Scope 2 emission levels in future.

## Biodiversity Conservation

Emphasising on INSEE's commitment towards biodiversity conservation, we only extract worthwhile deposits if they can be exploited in an environmentally compatible and economical manner. Moreover, to maintain its biodiversity, the INSEE Aruwakkalu quarry site is managed in accordance with all national regulations such as the National Environment Act

**~665,000 m<sup>3</sup> of total habitat areas protected and restored in Aruwakkalu quarry site**

**INSEE in partnership with IUCN protects and restores habitat areas in Aruwakkalu quarry site since 2007**

*Standards, methodologies and assumptions used: INSEE Biodiversity & Rehabilitation directive*

GRI : 103-3, 304-1, 304-3, 305-1, 306-1

and Provincial Environment Act, the Flora/fauna Ordinance as well as international best practices including the RAMSAR Convention.

Accordingly, before making any decision concerning the expansion of our quarry in Aruwakkalu, Puttalam, we conduct an extensive approval process with the technical support from the IUCN. This process includes an Environmental Impact Assessment and special biodiversity mapping, if the affected concerned is of exceptional biological value. We then follow a comprehensive biodiversity management plan to minimise the disruption to surrounding ecosystems as a result of our excavation work.

We commissioned the IUCN to conduct a biodiversity baseline survey in 2018 to determine the presence of different terrestrial and aquatic ecosystems within the Aruwakkalu area including natural forests, planted or restored forests, scrubland, vegetation growing soon after forest clearance as well as aquatic habitats such as Villus, artificial wetlands, salt marshes, mangroves and beach vegetation. The aim of this initiative is to restore an area of approximately 665,000 m<sup>3</sup> in and around the Aruwakkalu quarry site.

Furthermore, INSEE Galle Cement Plant is located within the Galle Port and such is governed by the Sri Lanka Port Authority Act as well as the Marine Pollution and Prevention Act. The Galle and Ruhunu Cement Plants are located within a 2.5 km radius of the Rumassala sanctuary, which requires all operations to be conducted in keeping with all national regulations for the protection of the sanctuary. Therefore,

we have ensured that our operations including warehouse, manufacturing, packing and dispatch and general office operations at all INSEE Plants are conducted in a way that is not detrimental to the surrounding biodiversity and ecosystem.

**Environmental Conservation Initiatives**

**INSEE Animal Rescue Programme**

A partnership between INSEE and the IUCN, the animal rescue program is an ongoing initiative designed to ensure that our quarry expansion activities in Aruwakkalu are done sustainably and with minimum impact on natural ecosystems. The INSEE Animal Rescue Program relies on the technical assistance provided by the IUCN to identify and rescue of animals at risk, relocate them to a safe similar habitat in Aruwakkalu itself and then rehabilitate them to thrive in the new location. Conducted for the past nine years, the INSEE Animal Rescue Program has rescued and relocated over 12,000 animals to-date.



**Species richness of fauna by sampling plots (2009 to 2018)**

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

GRI : 304-1, 304-3



# COMMITMENT TO THE ENVIRONMENT

Responsibility



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
1. Number of species	29	63	116	64	59	67	127	100	88	119
2. Number of families	16	29	30	21	23	28	33	34	34	48

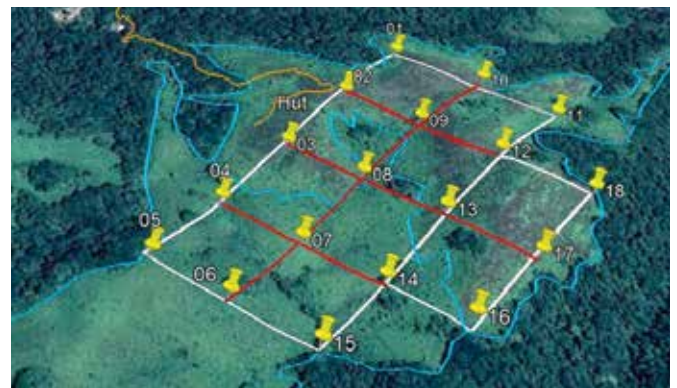
### Unawatuna Coral Reef Restoration initiative (Phase 2)

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 to enable reef to re-propagate. The work done under the project over the past 10 years since being first launched in 2009 has been responsible for a total of 25 coral colonies being naturally established on these structures. Phase 2 which began in 2018 was implemented in partnership with the Rotaract club of University of Moratuwa and Sri Lanka Navy and saw the implementation of 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.



### Restoration of a degraded fern land in Halgahawala, Opatha and the development of a biodiversity credit accrual system for Sri Lanka.

In the case of environmental conservation island-wide, we are keen in restoring the deforested and degraded forests of Sri Lanka. As a small first step toward making it happen, we have partnered together with nine other responsible corporates in an initiative spearheaded by Biodiversity Sri Lanka, Sri Lanka Forest Department and technical support provided by IUCN, to restore an identified fully degraded forest site in Kanneliya rain forest.



GRI : 304-3



Since 2007, IUCN Sri Lanka has been involved in conducting an annual biodiversity survey at the Aruwakkalu area to understand its diversity and restoration needs, carrying out a detailed biodiversity study before quarrying within the areas to be mined, performing animal and plant rescue and release operations in areas to be mined, developing the restoration plan for mined areas and monitoring the restored areas and also creating awareness about the biodiversity conservation programmes.

During the biodiversity survey in 2008, a total of 439 faunal and 502 flora species were recorded at the Aruwakkalu quarry premises.

The rescue and release component was initiated as a pilot operation in December 2008 and was subsequently made official in mid-2009, and has been carried out annually since. This operation involves the rescue of less-mobile, endemic and threatened fauna. In order to increase their chances of survival, the relocation is carried out to similar safe habitats within the reservation areas of the INSEE Cement premises. Over the last 10-year period, 17,169 individuals belonging to over 125 faunal species were rescued and released from quarried areas.

To monitor the expected recovery of relocated species, a biodiversity monitoring protocol was introduced in 2008 with permanent belt transects (5X50m) established within the restored area. Upto now 15 such permanent plots have been established in restored areas along with another two control sites located in the natural forest and non-restored quarry site for the purpose of comparison. Over a period of 10 years, a total of 246 faunal species have been colonised in the restored areas and natural forest plant species also observed under the shade of planted trees.

As part of its outreach programme, the IUCN has also helped to rebuild and rehabilitate coral reefs on the Southern coast. Here too INSEE has stepped in to offer support in re-building of coral reefs and helping to rehabilitate the marine life along the Unawatuna coast. With the approval of the Coast Conservation Department, and with technical contributions from leading marine scientists, 15 artificial dome-shaped structures were successfully deployed at the Unawatuna site.

These efforts are the result of a long-standing agreement between IUCN Sri Lanka and the Company. With INSEE Sri Lanka taking over operations in 2016, the partnership with IUCN Sri Lanka continued and was further strengthened through the Memorandum of Understanding (MoU) signed between INSEE Group in Thailand and IUCN – Asia Region Office in December 2018.

**Sampath De A. Goonatilake**  
*Senior Programme Officer IUCN, International Union for  
 Conservation of Nature (IUCN), Sri Lanka Office*

# GRI CONTENT INDEX

GRI Standard Disclosure		Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
<b>GRI 102: General Disclosures 2016</b>				
Organisation Profile	102-1 Name of the organisation	About INSEE (Page 4)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-2 Activities, brands, products and services	Industry Leadership (Pages 24, 26 to 29)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-3 Location of headquarters	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-4 Location of operations	About INSEE (Page 5)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-5 Ownership and legal form	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-6 Markets served	About INSEE (Page 5)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-7 Scale of the organisation	About INSEE (Page 4)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-8 Information on employees and other workers	Driving National Growth (Page 42) Building our Team (Page 53)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-9 Supply chain	Driving National Growth (Page 40)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-10 Significant changes to the organisation and its supply chain	Our Milestones (Pages 6,7)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-11 Precautionary principle or approach	Safety First (Page 20)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-12 External initiatives	Alignment with Sustainable Development Goals (Page 9) Chairman/Chief Executive Officer's Message (Page 11) About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-13 Membership of associations	Focus on Sustainability (Page 19)		Yes, please refer Independent Assurance Statement on Pages 83, 84
Strategy	102-14 Statement from senior decision maker	Chairman/Chief Executive Officer's Message (Pages 10 to 13)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-15 Key impacts, risks and opportunities	Chairman/Chief Executive Officer's Message (Pages 11) Building the Nation with Responsibility (Page 14) Building our Team (Page 50)		Yes, please refer Independent Assurance Statement on Pages 83, 84

GRI Standard Disclosure		Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
Ethics and Integrity	102-16 Values, principles, standards and norms of behaviour	Vision/Mission/Our Commitments (Page 3)  Building the Nation with Responsibility (Page 14)		Yes, please refer Independent Assurance Statement on Pages 83, 84
Governance	102-18 Governance structure	Building the Nation with Responsibility (Page 14)  Focus on Sustainability (Page 18)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-29 Identifying and managing economic, environmental and social impacts	Building the Nation with Responsibility (Page 14)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-32 Highest governance body's role in sustainability reporting	Building the Nation with Responsibility (Page 14)		Yes, please refer Independent Assurance Statement on Pages 83, 84
Stakeholder engagement	102-40 List of stakeholder groups	Building the Nation with Responsibility (Page 15)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-41 Collective bargaining agreements	Building our Team (Page 51)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-42 Identifying and selecting stakeholders	Building the Nation with Responsibility (Page 14)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-43 Approach to stakeholder engagement	Building the Nation with Responsibility (Pages 14, 15)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-44 Key topics and concerns raised	Building the Nation with Responsibility (Page 15)		Yes, please refer Independent Assurance Statement on Pages 83, 84
Reporting practice	102-45 Entities included in Consolidated Financial Statements	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-46 Defining report content and topic boundaries	About the Report (Page 8)  Building the Nation with Responsibility (Page 16)  Focus on Sustainability (Page 17)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-47 List of material topics	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-48 Restatements of information	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-49 Changes in reporting	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-50 Reporting period	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-51 Date of most recent report	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84



## GRI CONTENT INDEX

GRI Standard Disclosure		Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
Reporting practice	102-52 Reporting cycle	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-53 Contact point for questions regarding the report	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-54 Claims of reporting in accordance with the GRI standards	About the Report (Page 8)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-55 GRI Content Index	GRI Content Index (Pages 76 to 82)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	102-56 External assurance	About the Report (Page 8) Independent Assurance Statement (Pages 83, 84)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Material Topics</b>				
<b>GRI 200: Economic</b>				
<b>Economic Performance</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-2 The management approach and its components	Serving Our Customers (Page 32)		Yes, please refer Independent Assurance Statement on Pages 83, 84
		Driving National Growth (Pages 39, 41)		
103-3 Evaluation of the management approach	Serving Our Customers (Pages 32 to 34) Driving National Growth (Page 41)		Yes, please refer Independent Assurance Statement on Pages 83, 84	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Driving National Growth (Pages 42, 43)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Indirect Economic Impacts</b>				
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Driving National Growth (Page 39)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	203-2 Significant indirect economic impacts	Driving National Growth (Page 40)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Procurement Practices</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-2 The management approach and its components	Strengthening Partnerships (Pages 44, 46)		Yes, please refer Independent Assurance Statement on Pages 83, 84
		103-3 Evaluation of the management approach	Strengthening Partnerships (Page 47)	

GRI Standard Disclosure		Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
GRI 204- Procurement Practices	204-1 Proportion of spending on local suppliers	Strengthening Partnerships (Page 44)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Anti-Corruption</b>				
GRI 205- Anti-Corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Building the Nation with Responsibility (Page 14)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Anti-Competitive Behaviour</b>				
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	Industry Leadership (Page 30)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>GRI 300: Environmental</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-2 The management approach and its components	Commitment to the Environment (Page 68)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-3 Evaluation of the management approach	Commitment to the Environment (Pages 68 to 72)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Materials</b>				
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Strengthening Partnerships (Pages 45, 46)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Energy</b>				
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Commitment to the Environment (Page 70)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	302-4 Reduction of energy consumption	Serving Our Customers (Page 33)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Water</b>				
GRI 303: Water 2016	303-1 Disclosure of water withdrawal by source	Commitment to the Environment (Page 71)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	303-2 Water sources significantly affected by withdrawal of water	Commitment to the Environment (Page 71)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	303-3 Water recycled and reused	Commitment to the Environment (Page 71)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Biodiversity</b>				
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Commitment to the Environment (Pages 72, 73)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	304-3 Habitats protected or restored	Commitment to the Environment (Pages 72 to 74)		Yes, please refer Independent Assurance Statement on Pages 83, 84

## GRI CONTENT INDEX

GRI Standard Disclosure		Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
<b>Emissions</b>				
GRI 305: Emissions	305-1 Disclosure Direct (Scope 1) GHG emissions	Commitment to the Environment (Page 72)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Effluents and Waste</b>				
GRI 306: Effluents and waste	306-1 Water discharged by quality and destination	Commitment to the Environment (Page 72)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	306-5 Water bodies affected by water discharges and/or runoff	Commitment to the Environment (Page 71)		Yes, please refer Independent Assurance Statement on Pages 83, 84
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	Industry Leadership (Page 30)		Yes, please refer Independent Assurance Statement on Pages 83, 84
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Strengthening Partnerships (Page 48)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	308-2 Negative environmental impacts in the supply chain and actions taken	Strengthening Partnerships (Page 48)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>GRI 400: Social</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-2 The management approach and its components	Building our Team (Page 50)		Yes, please refer Independent Assurance Statement on Pages 83, 84
		Working for the Community (Page 60)		
103-3 Evaluation of the management approach	Building our Team (Pages 55 to 57)		Yes, please refer Independent Assurance Statement on Pages 83, 84	
		Working for the Community (Page 60)		
<b>Employment</b>				
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Building our Team (Page 52)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	401-3 Parental leave	Building our Team (Pages 58, 59)		Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Occupational Health &amp; Safety</b>				
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	Building the Nation with Responsibility (Page 16)		Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-2 The management approach and its components	Safety First (Page 20)		Yes, please refer Independent Assurance Statement on Pages 83, 84
		Safety First (Pages 20 to 24)		
103-3 Evaluation of the management approach	Safety First (Pages 20 to 24)		Yes, please refer Independent Assurance Statement on Pages 83, 84	

GRI Standard Disclosure	Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
GRI 403: Occupational Health & Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	Safety First (Pages 20, 21)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	Safety First (Pages 20, 22)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Training and Education</b>			
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundaries	Building the Nation with Responsibility (Page 16)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-2 The management approach and its components	Building our Team (Pages 56, 57)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	103-3 Evaluation of the management approach	Building our Team (Pages 55, 57)	Yes, please refer Independent Assurance Statement on Pages 83, 84
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Building our Team (Pages 54, 55)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	404-2 Programs for upgrading employee skills and transition assistance programs	Building our Team (Pages 50, 51, 56)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	404-3 Percentage of employees receiving regular performance and career development reviews	Building our Team (Pages 54, 55)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Diversity and Equal Opportunity</b>			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Building our Team (Page 53)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	405-2 Ratio of basic salary and remuneration of women to men	Building our Team (Page 51)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Non-discrimination</b>			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Building our Team (Page 51)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Freedom of Association and Collective bargaining</b>			
GRI 407: Freedom of Association and Collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining maybe at risk	Building our Team (Page 51)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Child Labour</b>			
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	Strengthening Partnerships (Page 48)	Yes, please refer Independent Assurance Statement on Pages 83, 84



## GRI CONTENT INDEX

GRI Standard Disclosure	Relevant section and page numbers	Omission	External assurance indicates if the Standard Disclosure has been externally assured. If yes, include the page reference for the External Assurance Statement in the Report.
<b>Forced or Compulsory Labour</b>			
GRI 409: Forced or Compulsory Labour	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Strengthening Partnerships (Page 48)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Human rights assessment</b>			
GRI 412: Human rights assessment 2016	412-2 Employee training on human rights, policies or procedures	Building our Team (Page 54)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Local communities</b>			
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments and development programs	Working for the Community (Pages 61 to 67)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Supplier social assessment</b>			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Strengthening Partnerships (Page 46)	Yes, please refer Independent Assurance Statement on Pages 83, 84
	414-2 Negative social impacts in the supply chain and actions taken	Strengthening Partnerships (Pages 48, 49)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Marketing and Labelling</b>			
GRI 417: Marketing and Labelling 2016	417-1 Requirements for product and service information labelling	Industry Leadership (Page 30)	Yes, please refer Independent Assurance Statement on Pages 83, 84
<b>Socio economic compliance</b>			
GRI 419: Socio economic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Industry Leadership (Page 30)	Yes, please refer Independent Assurance Statement on Pages 83, 84

# INDEPENDENT ASSURANCE STATEMENT



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## Independent Assurance Report to Siam City Cement (Lanka) Limited on the Sustainability Reporting Criteria Presented in the Integrated Annual Report- 2018

### 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-2018 (“the Report”).

- Reasonable assurance on the information on financial performance as specified on pages 42-43 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 (“ICASL”).

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 17<sup>th</sup> December 2018. 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 ICASL.

### 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 Company 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<sup>st</sup> December 2018.
- 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.

## INDEPENDENT ASSURANCE STATEMENT

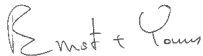
### Limitations and considerations

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 pages 42-43 of the Report are properly derived from the Audited Financial Statements of the Company for the year ended 31<sup>st</sup> December 2018.
- 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.



Ernst & Young  
Chartered Accountants

11<sup>th</sup> July 2019  
Colombo

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA  
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# ABBREVIATIONS

<b>A</b>	<b>H</b>
AFR – Alternative Fuels and Raw materials	H&S – Health & Safety
AutoCAD – Computer aided design	HFO – Heavy Fuel Oil
<b>B</b>	HGFG – High Grade Finished Grinding
B2B – Business to Business	HO – Head Office
BOI – Board of Investment	HR – Human Resources
BS EN – British adoption of a European Standard	HRIS – Human Resource Information System
<b>C</b>	<b>I</b>
CAP – Community Advisory Panel	I&A – Innovation & Application
CEA – Central Environmental Authority	ICEU – Inter Company Employee Union
CEM – Cement type	IESL – Institution of Engineers, Sri Lanka
CEO – Chief Executive Officer	ILO – International Labour Organisation
CIOB – Ceylon Institute of Builders	ISO – International Organisation for Standardization
CO <sub>2</sub> – Carbon dioxide	IT – Information Technology
CoBC – Code of Business Conduct	IUCN – International Union for Conservation of Nature
CPM – Concrete Products Manufacturing	<b>K</b>
CR – Endemic Critically Endangered	KPI – Key Performance Indicators
CSMD – Contractor Safety Management Directive	kWh – Kilowatt Hour
CSR – Corporate Social Responsible	<b>L</b>
<b>E</b>	LKR – Sri Lanka Rupee
EMS – Environmental Management Standards	LTI – Lost Time Injuries
EN – Endemic Endangered	LTIFR – Lost Time Injury Frequency Rate
EVE – Enterprise based Vocational Education	<b>M</b>
EVP – Employee Value Proposition	MJ/t – Megajoule per ton
EXCO – Executive Committee	MML – Middle Management Level
<b>F</b>	Mn – Million
FMCG – Fast Moving Consumer Goods	MoU – Memorandum of Understanding
FML – Front-Management Level	Mt – Metric ton
FPE – Fatality Prevention Elements	MTI – Medical Treatment Injuries
<b>G</b>	<b>N</b>
GBCSL – Green Building Council of Sri Lanka	NAITA – National Apprentice and Industrial Training Authority
GCE – General Certificate of Education	NBRO – National Building Research Organisation
GDP – Gross Domestic Product	NDDCB – National Dangerous Drugs Control Board
GHG – Green House Gas	NIOSH – National Institute of Occupational Safety and Health
GPS – Global Positioning System	NML – Non-Management Level
GRI – Global Reporting Initiative	NPS – Net Promoter Score
	NVQ – National Vocational Qualification



## ABBREVIATIONS

### O

OHS – Occupational Health & Safety  
OHSAS – Occupational Health and Safety Assessment Series  
OPC – Ordinary Portland Cement

### P

PNB – Police Narcotics Bureau  
PPF – Pre-processing Facility

### R

R&D – Research & Development  
RFID – Radio Frequency Identification Device  
RMX – Ready-Mix

### S

SCCC – Siam City Cement Public Company  
SCCCL – Siam Cement Company (Lanka) Limited  
SCoC – Supplier Code of Conduct  
SDF – Sludge-drying Facility  
SDG – Sustainable Development Goals  
SEEC – Specific Electrical Energy Consumption  
SLIM-Nielsen – Sri Lanka Institute of Marketing-Nielsen  
SLNSS – Sri Lanka Nidahas Sevaka Sangamaya  
SLPA – Sri Lanka Ports Authority  
SLS – Sri Lanka Standard  
SLSI – Sri Lanka Standard Institute  
SML – Senior Management Level  
STEC – Specific Thermal Energy Consumption

### T

TIFR – Total Injury Frequency Rate  
TML – Top Management Level  
TO – Technical Officers  
TPY – Tones Per Year  
TSR – Thermal Substitution Rate

### U

UN – United Nation  
UNGC – United Nations Global Compact  
USD – United States Dollar

### V

VU – Endemic Vulnerable

# NOTES

[Lined area for notes]





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