



SINCE 1844

Cargills



CREATING VALUE SINCE 1928
A MEMBER OF C.T. HOLDINGS PLC

Cargills (Ceylon) PLC
Sustainability Report 2019 - 2020

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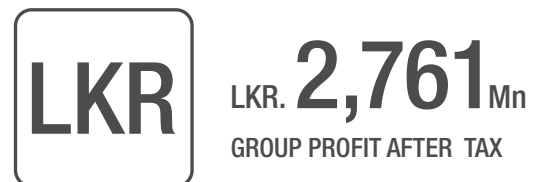
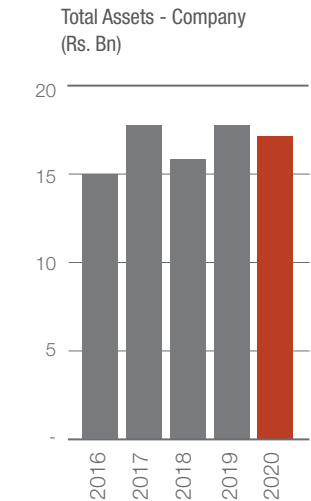
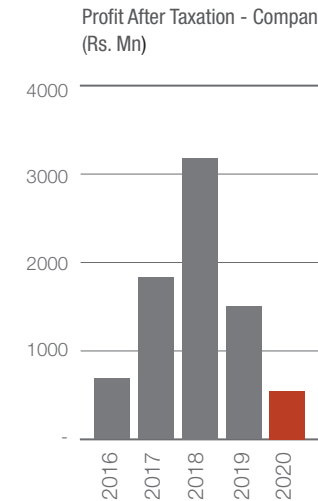
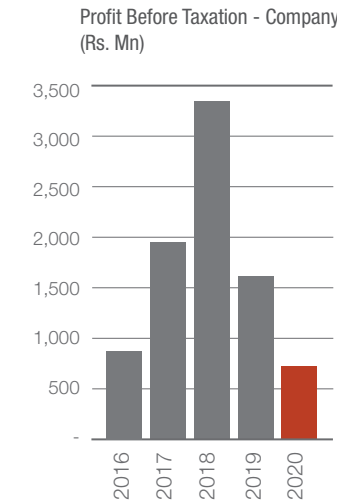
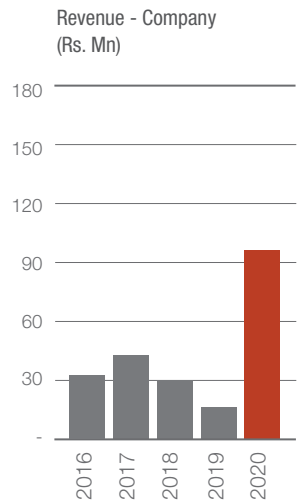
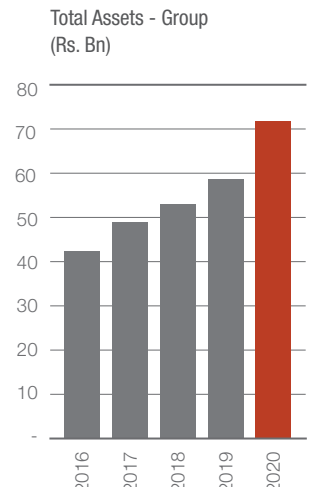
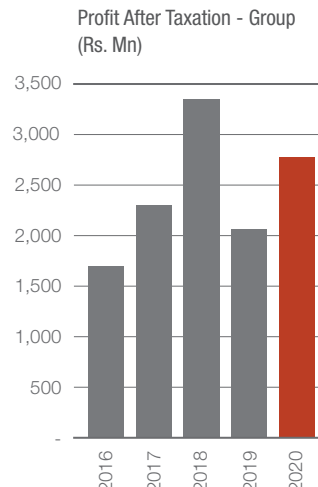
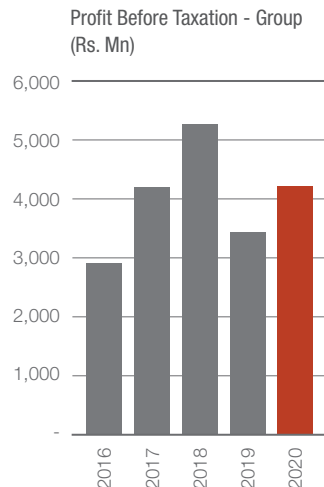
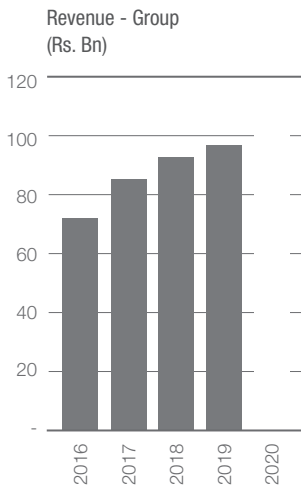
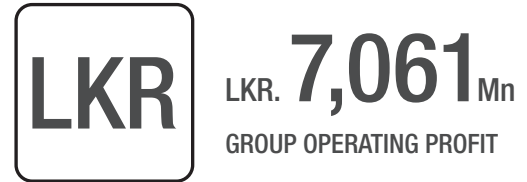
Sustainability Report

ABOUT THIS REPORT

We present the Group's non-financial information for the financial year 2019/20 with the aim of informing our stakeholders of our role in society related to our vision of being a “Global Role model in community friendly National Development” the core foundation of our business and sustainability strategy and objectives. We define ‘non-financial information’ as information pertaining to the non-financial elements emerging from our determination of materiality. The Annual Report (<http://www.cargillsceylon.com/investors/annual-reports>) is prepared based on the Integrated Reporting Framework published by the International Integrated Reporting Council (IIRC) and based on a consolidated set of GRI standards. This is our 5th report presenting information in accordance with the GRI Guidelines and where applicable we have compared performance with our previous report published as at 31st March 2019. This report will complement the Group's Annual Report and has been prepared in accordance with the GRI Standards: Core Option. Independent assurance for this report has been obtained as shown in pages 39 to 41.

Financial Highlights

	Group			Company		
	2020 Rs.000	2019 Rs.000	Change %	2020 Rs.000	2019 Rs.000	Change %
Operations						
Continuing Operations						
Revenue	107,051,866	94,662,991	13.09	96,461	18,743	414.65
Profit from operations	7,060,621	4,682,326	50.79	851,913	1,930,826	(55.88)
Profit before taxation	4,199,634	3,402,935	23.41	738,640	1,617,803	(54.34)
Profit after taxation	2,761,419	2,033,813	35.78	652,460	1,540,019	(57.63)
Financial Position						
Non-current assets	49,375,858	36,642,556	34.75	15,100,249	14,569,995	3.64
Current assets	21,822,233	21,632,870	0.88	1,823,133	2,962,283	(38.46)
Current liabilities	39,546,115	34,365,900	15.07	4,145,219	4,250,711	(2.48)
Non - current liabilities	13,287,158	5,966,625	122.69	780,226	639,378	22.03
Capital and reserves, Minority Interest and other equity	18,364,818	17,942,901	2.35	11,997,937	12,642,189	(5.10)
Per Share Data (Rs.)						
Basic earnings per share	10.47	7.70	35.92	2.54	5.99	(57.65)
Dividends per share	6.00	1.90	215.79	6.00	1.90	215.79
Net assets per share	69.39	67.73	2.45	46.64	49.15	(5.11)
Market value per share	170.00	200.00	(15.00)	170.00	200.00	(15.00)
Cash Flow						
Net cash generated from / (used in)						
- Operating activities	6,476,207	4,465,728		739,995	(118,490)	
- Investing activities	(5,422,917)	(5,042,124)		228,699	393,979	
- Financing activities	(3,389,641)	1,634,205		(1,762,163)	(40,647)	



Non-Financial Highlights

Human Capital



New Recruits Retained
as at 31 March 2020
3,725

Permanent
Employees
10,522

Social and Relationship Capital



Educational
Scholarships
444

Community
Development Projects
33

Registered
Suppliers
558

Natural Capital



Energy Consumption
Diesel/Petrol: **1,151,809 L**

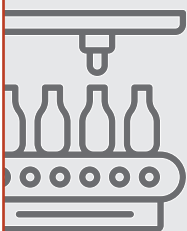
Gas: **752,212 Kg**

Furnace Oil
2,873,431 L

Electricity
115,973,249 Kwh

Water Consumption
909,983,696 L

Manufactured Capital



Food City Outlets
411

Fruit and Vegetable
Collection Centres
11

Milk Chilling Centres
31

Delivery Operation
Hours
24x7

Food Processing Plants
8

Fruit and Vegetables
Purchased Daily
122 MTs

Litres of Milk Procured Daily
147,945

Intellectual Capital



Experience
Over **175 Years**

No. of employees with more than 15 years of service
Approximately 600 Employees

1. Our Commitment to Sustainability

Since 1844, we at Cargills have been committed to serving our nation over the last 176 years. Reflecting on our journey thus far, we have evolved from a wholesale and retail business to a pivotal player in multiple sectors within the food and beverage industry in Sri Lanka. Cargills has always upheld an unwavering commitment to sustainable and responsible business operations which has not only consolidated our position as a leader in corporate sustainability, but also deepened trust and respect for our brands amongst our diverse stakeholders. As a business, we are highly attentive in managing our environmental impact whilst improving communities around us, without compromising on economic success and sustainable growth.

We are committed to supporting and promoting this sustainability-driven culture across the Group, and its 10,522 employees. The achievement of our commitment to sustainability relies largely on the efforts and dedication of these individuals; each working tirelessly to ensure that our investments are socially responsible, environmentally sustainable, and economically meaningful. We collaborate with customers and suppliers to deliver better products and services; empower our farmers to streamline supply chains; save energy and limit waste; support improved nutrition, and invest in training and education.

Sustainability Strategy

Prioritising social, environmental, and economic sustainability is an integral part of our sustainability strategy. It is a reflective stance of the Group's commitment to ensuring sustainability in every aspect of our business. Our commitment towards a better Sri Lanka stems from our core values as a responsible food company which accentuates our sentiment towards sustainability whilst attaining our vision to be a global corporate role model with a deep vested interest in community-centric national development. In essence our initiatives goes beyond our sustainability ethos by aspiring to reduce the cost of living, enhance youth skills and bridge regional disparities in our nation.

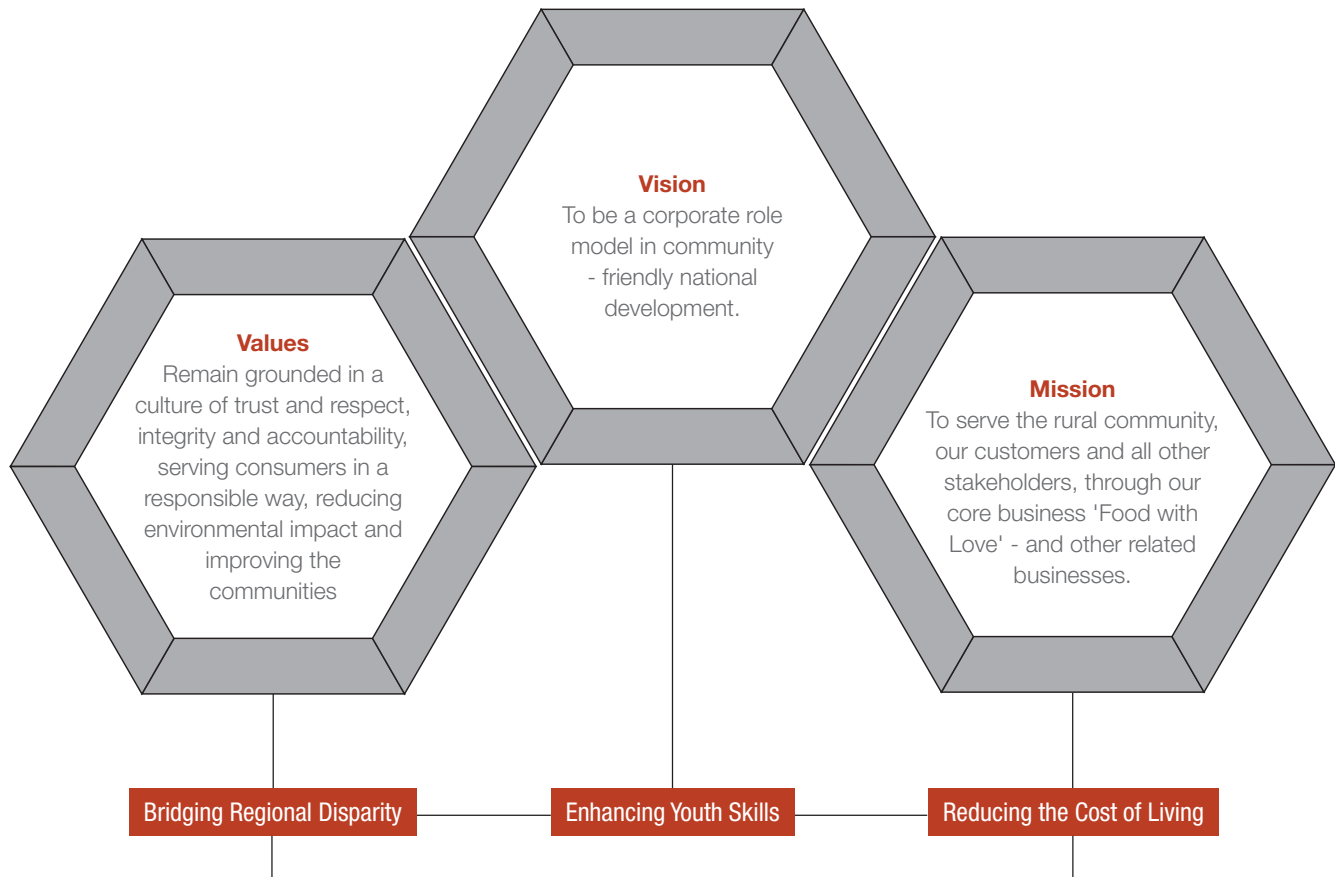
The key features and objectives of Cargills sustainability strategy include:

- Creating truly sustainable value for every direct and indirect stakeholder
- Assessing the impact of investments on social, environmental, and economic sustainability
- Monitoring and evaluating the achievement of sustainability targets and goals
- Improving business operations and services to facilitate and enhance sustainable growth
- Sharing best-practices on sustainability across diverse national and international fora

The commitment to creating sustainable value for all stakeholders requires an adaptable strategy that is capable of meeting rapidly evolving social, environmental, and economic needs. Therefore, our strategic approach towards sustainable growth is regularly monitored, reviewed, and strengthened under the direction of the Group CEO and active involvement of senior management. The inclusion of sustainability indicators in the measurement of business performance supports such efforts and serves to ensure that our business leaders are regularly accountable for more than just financial and operational performance.

Our Impact

Having operationalized the strategy around sustainability, today, Cargills is a key player in the national development of Sri Lanka. Driving an agenda that is primarily focused on creating sustainable value for the community, our positive impacts extend across the marketplace, workplace, and environment. Whether it is through agriculture-centric regional growth, or an unwavering commitment to serving safer and healthier food, our investments have supported the upliftment of communities and improved the lives and livelihoods of people across Sri Lanka.



In the marketplace, Cargills is proud of its position as the foremost food retail and FMCG business and remains conscious of its key responsibility in facilitating affordable nutrition. Through robust research and development initiatives, we constantly strive to develop healthy and nutritious products with quality ingredients sourced from responsible local suppliers. By including nutritional information on product packaging, we aim to ensure that consumers can make informed choices. Our direct links to farming communities and entrepreneurs enable us to not only offer consumers the freshest and best produce, but also to provide such commodities at affordable prices.

In the workplace, Cargills is committed to attracting, developing, and retaining a diverse and talented team, who each individually contribute to the collective success of our company and the development of our country. To do this, we recognize the importance of fostering a supportive, safe, and inclusive workplace, and have invested in programs and initiatives to improve employment practice, manage talent, and celebrate diversity. Through comprehensive learning and development programs administered by our non-profit training arm—the Albert A. Page Institute—our employees have access to world-class training opportunities.

As we work towards nourishing people and securing their livelihoods, Cargills is deeply mindful of the collective responsibility to protect the environment and contribute to the sustenance of our planet. In this context, our businesses engage in continuous review processes to ensure that their impact on the environment is minimized through efficient water usage, resource and waste management, and optimal energy consumption.

As a company directly engaged with agricultural communities, the sustainability of agriculture practices and their impact on the environment has emerged as another vital consideration. In 2014, in partnership with the Department of Agriculture, Cargills launched the “Save Our Soil” project to support the protection of soil and water resources through the prudent use of agriculture inputs, while promoting agricultural productivity. The recent introduction of Sri Lanka GAP (Good Agricultural Practices) Certification represents a culmination

of these efforts, allowing participating farmers to be recognised and elevated towards healthier, sustainable, and export-oriented value chains.

In this context, our focus on the development of rural communities is characterized by our investments and engagement with the agriculture sector. Established in 2008, the Cargills Sarubima Fund gives back to the community 50 cents for each kilogram of fresh produce purchased or every litre of fresh milk sourced. Over the years, this fund has been utilized for a range of community development projects that extend from educational scholarships to regional development projects.

Linked to such support, Cargills is committed to working with thousands of small-scale farmers across the country to modernize agriculture and help to increase productivity through more efficient use of human, physical, and financial resources. For instance, through the Cargills Agriculture Modernization project which extended to include a further 80 small-scale farmers were provided special agriculture inputs, international training, and tailored extension services to improve output and agriculture practice.

Through such investments, Cargills continues to impact and improve lives and livelihoods across Sri Lanka in economically meaningful, environmentally sustainable, and socially responsible ways.

Sustainable Development Goals

Cargills recognizes that responsible business and investment is essential to achieving transformational change in Sri Lanka through the Sustainable Development Goals (SDGs) as outlined by the United Nations to achieve the 17 goals which includes ending all forms of poverty, tackling climate change, and fighting inequalities. These goals are strongly aligned with the vision and mission of Cargills, giving us an ideal position to contribute to the achievement of national and sustainable development in Sri Lanka. Likewise, Cargills is a member of the United Nations Global Compact (UNGC); a global movement of sustainable companies taking strategic action to advance societal goals and align operations with universal principles on human rights, labour, environment and anti-corruption.







In turn, the successful implementation of these development goals stands to strengthen the enabling environment for doing business and create sustainable value for all stakeholders. Whether it is in engaging local communities, or supporting skills development, Cargills diverse efforts to drive responsible and sustainable business operations directly, or indirectly, contribute to each of the following SDGs:



It is in line with such commitments to our planet and people that group-wide strategies, governance structures, corporate policies, commitment statements, and codes of conduct are developed in a manner that helps to embed sustainability and corporate responsibility into our everyday operations.

2. Stakeholder Engagement

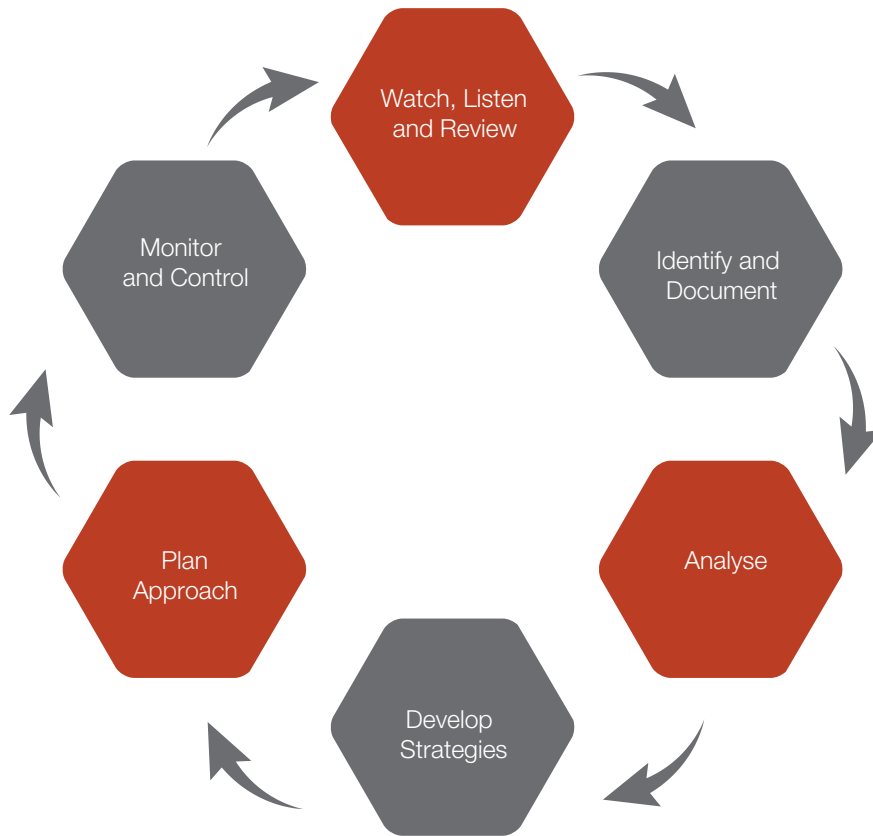
Every facet of our company and its operations has the potential to impact, or be impacted by, a diverse group of internal and external stakeholders. Stakeholder engagement provides opportunities to further align business practices with societal needs and expectations, helping to drive long-term sustainability and shareholder value. The key stakeholders listed below comprise individuals and groups who are affected by the decisions we make and can influence the implementation of our decisions.

	Customers	We serve millions of customers through our extensive retail network, backed by a sustainable food value chain. Our customers are essential to our business, and we will continue to innovate and offer them affordable products of the highest quality.
	Employees	The Cargills team comprises 10,522 members spread across 25 districts and over 450 places of work. Training and development programs which extend across all our business sectors are offered to our employees to further assist their career development.
	Shareholders	1,869 shareholders continue to support the Cargills' business model, which is pegged on long term value and sustainable growth.
	Farmers, SMEs, and Traders	Over 20,000 agriculture and dairy farmers, and 558 SME suppliers are directly linked to markets through Cargills value chain. These partnerships play a crucial role in us creating sustainable value for our customers. In the financial year 2019/20, the direct revenue generated for our farmers exceeded Rs. 9.3 Bn.
	Government and Regulatory Authorities	Cargills works closely with government and regulatory authorities towards creating value for our stakeholders. This includes sharing corporate insight, supporting community development, and driving policy towards better health and nutrition.
	Local Community	On the journey of becoming the largest contributor to regional Sri Lanka, Cargills believes in strengthening our nation, through community development whilst investing in the future by means of educating our youth and our next generation. Whether it is through educational scholarships, or an increasing network of business touch-points, Cargills' reach continues to grow beyond urban Sri Lanka.

Stakeholder Engagement Process

To create sustainable value, collaborating with our stakeholders remains key. Effective stakeholder engagement helps translate their needs into organisational goals and creates the basis of effective strategy development. Cargills implements a structured stakeholder engagement model which identifies the key stakeholders and routinely monitors the main performance indicators. This ensures that Cargills has greater clarity and a shared understanding amongst our key stakeholders, which is essential in building a cohesive vision for the future.

Stakeholder Engagement Model



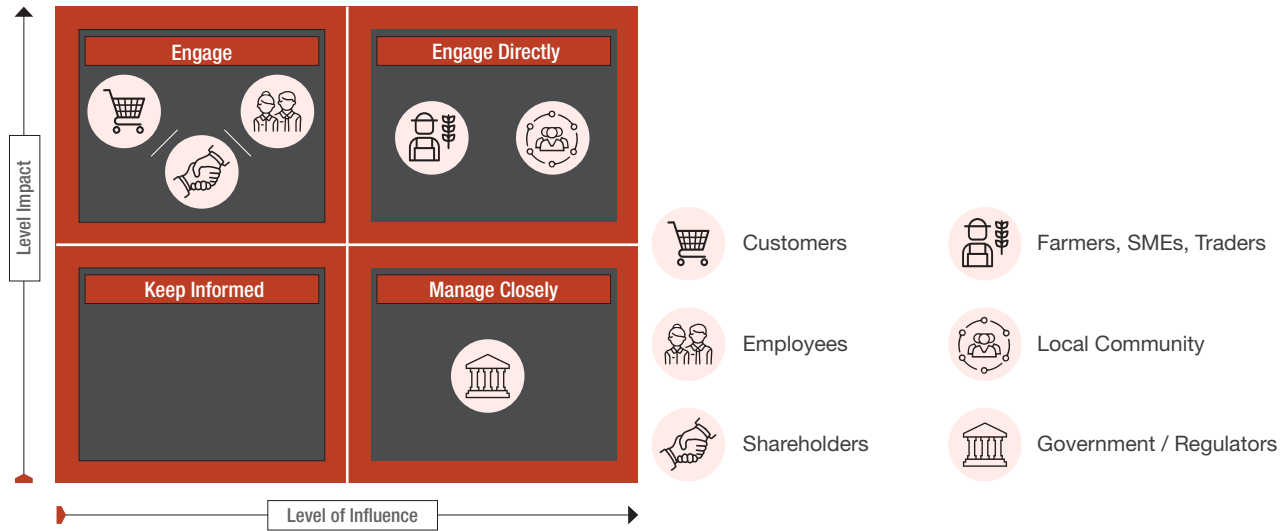
Stakeholder Identification

To facilitate effective stakeholder engagement, the identification of key stakeholders is critical. Such identification is based on 2 main criteria which are,

1. The stakeholder's influence on the company
2. The impact of the company on the stakeholder

Taking these into account, Cargills has identified customers, employees, shareholders, farmers, SMEs and traders; government and regulatory authorities; and the local community as its key stakeholders.

This identification then feeds into the prioritization of stakeholders and helps Cargills to determine relevant levels and mechanisms of engagement. The placement of key stakeholders on the following quadrants is a result of this process.



- Watch, Listen and Review: Continuous engagement with stakeholders to improve existing plans and identify new areas of concern and engagement
- Identify and Document: Identify stakeholder groups and individual stakeholder representatives; develop stakeholder prioritization plan
- Analyse: High-level stakeholder assessment and mapping of priorities
- Plan Approach: Develop a plan to incorporate stakeholder concerns into the business agenda.
- Monitor and Control: KPI-driven monitoring and control processes

Each step in this continuous process involves a series of actions and measures to ensure that current developments and changes in the operating context are captured in a timely manner, accountability is assigned to heads of business and project teams, and regular feedback is built in to facilitate monitoring and evaluation.

Stakeholder Priorities

Following the identification of key stakeholders, Cargills focuses on mapping out their concerns. Detailed below are the concerns of our stakeholders based on iterative communication and diverse mechanisms of engagement.

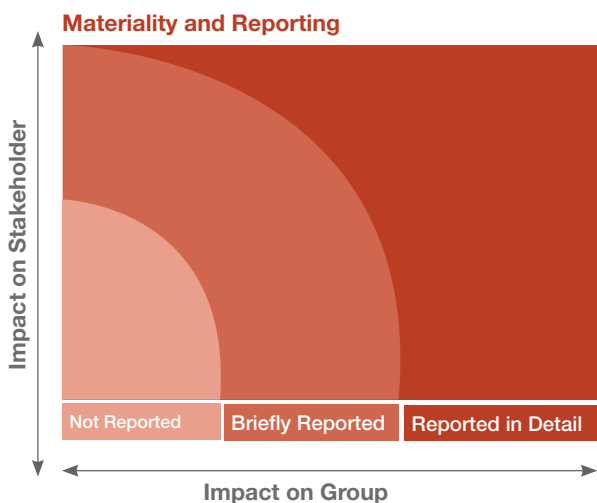
Stakeholder	Frequency	Mechanisms of Engagement	Priorities / Areas of Concern
Customers	On-Going	<ul style="list-style-type: none"> • Promotions • Social Media • Customer Service Hotline • Field Visits 	<ul style="list-style-type: none"> • Cost of Living • Health and Nutrition • Food Safety • Sustainability
	Monthly/ Quarterly	<ul style="list-style-type: none"> • Internal and External • Consumer Research 	<ul style="list-style-type: none"> • Product Range • Service Standards
	Annually	<ul style="list-style-type: none"> • Trade Fairs and Events 	<ul style="list-style-type: none"> • Brand Recognition
Employees	On-Going	<ul style="list-style-type: none"> • Training & Mentoring • Orientation Programs • Daily Briefings • Open Door Policies 	<ul style="list-style-type: none"> • Career Development • Goals for reward and recognition
	Monthly/ Quarterly	<ul style="list-style-type: none"> • Staff newsletters • Letters and Posters • Periodic Briefings by senior management • HR engagements 	<ul style="list-style-type: none"> • Corporate information • Grievance Sharing
	Annually	<ul style="list-style-type: none"> • Regional staff conventions 	<ul style="list-style-type: none"> • Team Building and interaction
Shareholders	On-Going	<ul style="list-style-type: none"> • Information on CSE • Media Reports • Open Door Policy for Investor Inquiries 	<ul style="list-style-type: none"> • Business Development • Sustainability
	Monthly/ Quarterly	<ul style="list-style-type: none"> • Quarterly Reports • Investor Calls and Meetings • Road Shows 	<ul style="list-style-type: none"> • Business Expansion Plans • Risk Management
	Annually	<ul style="list-style-type: none"> • Annual General Meetings • Annual Reports 	<ul style="list-style-type: none"> • Financial Performance • Governance and Disclosure

Stakeholder	Frequency	Mechanisms of Engagement	Priorities / Areas of Concern
Farmers, SMEs, and Traders	On-Going	<ul style="list-style-type: none"> • Daily Engagement • Monthly Meetings • Digital Engagement Platforms • Field Visits 	<ul style="list-style-type: none"> • Enhanced Markets • Competitive Pricing • Business Growth
	Monthly/ Quarterly	<ul style="list-style-type: none"> • Partnership Meetings • Farmer Group Meetings 	<ul style="list-style-type: none"> • Industry Developments
Government and Regulatory Authorities	On-Going / Monthly / Quarterly	<ul style="list-style-type: none"> • Meetings with government and regulatory authorities 	<ul style="list-style-type: none"> • Business Sustainability • Market and Community impact • Graduate unemployment • Good Governance and Business Practice
Local Community	On-Going / Monthly / Quarterly	<ul style="list-style-type: none"> • Cargills Sarubima Activities 	<ul style="list-style-type: none"> • Community Development • Youth Empowerment

Any concerns relating to our key stakeholders are moderated by the Group’s leadership, and where necessary, opinion and input are provided by the Board of Directors, and incorporated into the strategic planning processes of the company. Stakeholders often remain interested in the outcome of engagement and are keen to see how their concerns feed into the business strategy.

Materiality

Material matters identified through our stakeholder engagement process have been given due attention as management responds based on implemented strategies and plans. We engage with our stakeholders regularly to assess the various aspects that are material to each of our business sectors, i.e. Retail, FMCG and Restaurants. The degree to which a material issue impacts the Group and/or stakeholder determines the extent to which it is reported.



The Group's Enterprise Risk Management (ERM) framework encompasses practices related to the identification, analysis, evaluation, treatment, mitigation, and monitoring of strategic, financial, external, and operational risks. This helps the company leverage market opportunities effectively and enhance competitive advantage in the long-run. Therefore, all risks, often emerging from the concerns of key stakeholders, are mapped against Global Reporting Index (GRI) standards, and included as material to the Group. Risks pertaining to competition, reputation, business strategy, inventory and supply chain, IT systems and infrastructure, funding and liquidity risk, market risk (interest rates, FOREX and commodity market fluctuations) and natural disasters emerge as aspects that are evaluated, but remain outside the scope of the GRI.

The material issues and the corresponding levels of materiality that impact the stakeholders and the Group, and align with GRI standards are detailed below.

No.	Material Issue		GRI Standard	Materiality	
				To Group	To Stakeholder
1.	Corporate Governance	Internal	102	High	High
2.	Reputation	Internal	102	High	Low
3.	Risk Management	Internal	102	High	High
4.	Economic Performance	Internal	201	High	High
5.	Market Presence	Internal	202	High	High
6.	Indirect Economic Impact	External	203	High	High
7.	Anti-Corruption	Internal	205	High	High
8.	Anti-Competitive Behaviour	Internal	206	Low	Low
9.	Energy Consumption	Internal	302	Moderate	Moderate
10.	Water Management	Internal	303	Moderate	Moderate
11.	Waste Management	Internal	306	Low	Moderate
12.	Environmental Protection	Internal	307	Low	Moderate
13.	Labour Practices & Grievances	Internal	402	Moderate	High
14.	Occupational Health and Safety	Internal	403	Moderate	Moderate
15.	Employee Training & Development	Internal	404	High	High
16.	Diversity and Equal Opportunity	Internal	405	High	High
17.	Community Development	External	413	Moderate	Moderate
18.	Customer Health and Safety	External	416	Moderate	High
19.	Product Labelling	External	417	Moderate	High
20.	Product Responsibility	Internal	417	High	High
21.	Regulatory Compliance	Internal	417	Moderate	Moderate
22.	Customer Privacy	External	418	High	High

Stakeholder Impact

Over 175 years, our customers, employees, farmers, and suppliers have been our heroes; sharing our vision and supporting our commitment to creating long-term value and sustainable growth. We recognize that the continued success of Cargills rests in its people, and we are dedicated to ensuring that every aspect of our business has a positive impact on their lives.

In order to facilitate this, Cargills business strategies are based on the needs and aspirations of our stakeholders and are geared to enhance the creation of sustainable value. Through regular engagement with internal and external stakeholders, we assess and map aspects that are material to our business and, thereafter, align our strategies and processes to manage and respond to these material issues.

Initiatives and measures that we have taken to address the identified priorities and concerns of our stakeholders include:

Customers

- Reaching millions of customers through 411 retail outlets and 40 restaurants spread across all 25 districts in Sri Lanka
- Sourcing fresh milk, fruit, vegetables, and other commodities directly from over 20,500 suppliers to be sold to customers at the lowest possible prices across the network of retail outlets
- Promoting access to affordable nutrition through regular promotions and discounts on fresh milk, fruits, vegetables, and other commodities.
- Developing new products, and improving existing products, to increase product range and improve service standards.

Employees

- Recruiting and retaining 3,725 new employees during 2019/20, bringing the total number of employees to 10,522 at the end of the financial year
- Reflecting a commitment to youth development and fostering an inclusive workplace with 6,748 (64.1%) out of the total employees being below the age of 30, with 3,647 (54%) of those employees being female
- Conducting 100 training programs with the participation of 13,761 non-unique participants. A total of 26,209 training room hours were provided with each participant receiving an average 17 hours of training
- Partnering with internationally-renown training institutions, such as the IGA Institute, to further support the continuous training and development of staff

Shareholders

- Engaging directly with 1,869 shareholders, including the regular publication of reports, periodic consultations, and an open-door policy for investor inquiries

Farmers, SMEs and Traders

- Working with 4,193 agriculture farmers and 16,100 dairy farmers to supply fresh quality produce, reduce the cost of living, and create enhanced access to import and export markets for agriculture
- Partnering with the Department of Agriculture to provide assurances of quality through the introduction of Sri Lanka Good Agriculture Practice (SL-GAP) certification for eligible farmers across Cargills ecosystem
- Providing guidance and technical support to 558 SME suppliers and traders to continually enhance quality standards

Government and Regulatory Authorities

- Leveraging corporate knowledge and insight to support wide scale rural community development, including the provision of educational scholarships through Cargills Sarubima fund
- Supporting youth employment and skills development through the recruitment and training of 195 new management trainees
- Contributing to government policy by setting benchmarks on health and nutrition for Sri Lankan consumers

Local Community

- Deepening engagement with local communities through an expanding business outreach and community development projects, including through Cargills Sarubima fund

Sustainability Highlights, 2019/20

KFC Plastic-Free: Carrying on from the previous year, all 40 KFC restaurants across the country continued the process of gradually phasing out the use of plastic in its operations. This initiative led to a significant reduction in the use of plastics equivalent to 4.25 MT per month.

Solar Energy: Cargills' factories are equipped with 2,450 KW of solar capacity, having utilized 14,340 square meters of roof area to install solar panels. Three retail outlets also generate around 9,500 units (kWh) of solar energy per month. This is equivalent to a reduction in the release of 4,088,010 kg of carbon dioxide every year.

Agriculture Modernization: A further 80 small-scale farmers were provided special agriculture inputs, international training, and tailored extension services to improve output and agriculture practice, to take the total number of farmers under this project to 160. Many of these farmers are eligible for certification on Good Agricultural Practices (SL-GAP Certification); and have their produce sold under Cargills' Good Harvest brand; the first range of products to be formally sourced in full adherence to GAP-certified criteria.

The Six Capitals

Cargills incorporates an integrated reporting model to document how sustainable value is created. To do this, we blend and utilise all six capitals – financial capital, human capital, social and relationship capital, natural capital, manufactured capital, and intellectual capital to create value and be commercially viable.

These six capitals flow seamlessly throughout our business model and are transformed into tangible output in the process of value creation. While focusing on augmenting one capital may temporarily compromise another, a positive value will be generated in the long-term.



Financial Capital

Cargills is committed to sustainable value creation through consistent economic performance. With an emphasis on sustainable development and social responsibility, we continue to provide both financial and non-financial value to all our stakeholders.

201-1 Economic Performance: Direct economic value generated and distributed

The economic value statement presents information on the generation and distribution of economic value for stakeholders and provides a fundamental view of the wealth created, retained and distributed during 2019/20. The statement includes revenue, operating costs, employee compensation, payments to providers of capital and the government, donations, and community investments.

The direct economic value generated and distributed by the Group in 2019/20 is Rs. 24.9 Bn compared to Rs. 25.2 Bn in 2018/19.

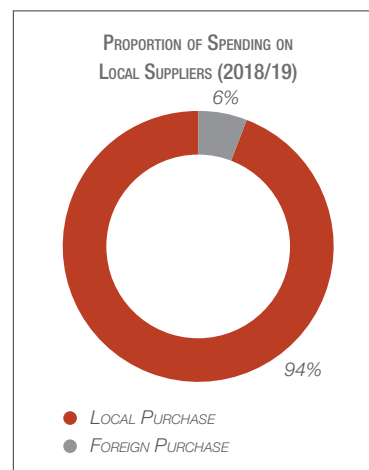
	2019/20 Rs. '000	2018/19 Rs. '000
Value Created		
Gross Revenue	115,770,372	104,690,462
(-) Cost of Goods and Services	(93,102,676)	(82,121,345)
Value added from operations	22,667,696	22,569,117
Other income	1,951,838	2,324,947
Finance income	229,418	280,057
Total Value Created	24,848,952	25,174,121
Value Distributed		
Remuneration to the Employees	7,351,660	6,474,013
Directors' Fees and Remuneration	509,145	434,877
Community Investments	47,722	26,472
Government Levies	8,718,506	10,027,471
Corporate Taxes	1,438,215	1,369,122
Interest Cost	2,857,039	1,704,721
Non-Controlling Interest	69,327	53,567
Dividends	1,543,326	486,400
Other Operating Costs	-	467,959
Total Value Distributed	22,534,940	21,044,602
Total Value Retained	2,314,012	4,129,519
Total Value Distributed and Retained	24,848,952	25,174,121

201-2 Economic Performance: Financial implications and opportunities due to climate change

The company aims to mitigate such risks arising from unprecedented natural disasters through comprehensive insurance policies. In 2019/20, the company reported a sum insurance claim amounting to the value of Rs. 1.7 Mn as compared to the insurance claims worth Rs. 61.5 Mn in the previous year. Furthermore, a total of 9 lightning strike incidents were reported in the period of review.

204-1 Procurement Practices: Proportion of spending on local suppliers

The degree of procurement expenditure by the retail sector on local suppliers is shown by the proportion of spending on them. "Local" is categorised to include farmers, cottage-level industries, and any other entities formally registered in Sri Lanka. The proportion of expenditure on local suppliers for the year ended 31st March 2020 was 94%.





Human Capital

Cargills continually invests in its human capital; on boarding, building, and retaining the best talent. We allow our people to contribute to the collective success of our company and have created a workplace that provides equal opportunity, promotes diversity and fosters a culture of inclusion. In 2019/20, women represented 47.6% of our workforce, while 64.1% of our employees were below the age of 30.

With the shifting economic landscape, we aim to facilitate a dynamic learning environment that encourages our employees to develop innovative thinking and manage all possible challenges. Through the Albert A. Page Institute (AAPI) of Food Business, our employees are given access to a range of training and development opportunities that sets them up for career progression. In 2019/20, 13,761 non-unique participants received an average of 17 hours of training each.

401-1 Employment: New employee hires

Cargills recruited and retained 3,725 new employees during 2019/20, bringing the total number of employees to 10,522 at the close of the financial year. 64.1% of these employees were under the age of 30, displaying our commitment to developing the youth workforce.

Total Number of Employees (by age)			
Under 30 years old	30-50 years old	Over 50 years old	Total Staff
6,748	3,304	470	10,522
(64.1%)	(31.4%)	(4.5%)	

401-2 Employment: Benefits to full-time employees

The quality of the benefits provided to our employees plays a large role in retention. The benefits offered to full-time employees include:

- Medical Benefits
- Personal Insurance
- Death Benefits
- Gifts (incl. Birthday, New Born, Wedding)
- Staff Loans
- Ex-Gratia Payments
- Bonuses
- Staff Purchase Discounts

201-3 Economic Performance: Organisation's defined benefit plans

Cargills provides statutory and social benefits to its employees. Statutory benefits include an entitlement to a payment of gratuity for 5 years of unbroken service. Social benefits cover a wide range of entitlements and incentives such as health and life benefits, personal insurance, gifts to celebrate personal milestones, staff loans, ex-gratia payments, bonuses, and more distinctively, discounts on grocery purchases at retail outlets.

401-3 Employment: Return to work and retention rates after parental leave

176 employees exercised their entitlement to parental leave during the year 2019/20, with 112 of these employees returning to work at the end of the leave period.

2019/20	
Number of employees who took parental leave during the year	176
Number of employees who reported to work	112
Return to work rate	54%

202-1 Market Presence: Ratio of standard entry level wage by gender compared to local minimum wage at significant locations of operation

Salaries and wages are equitably specified on the basis of the roles and responsibilities entrusted to individual employees. We maintain uniform standards across the business, with no discrepancy between entry-level wages for men and women.

403-8 Occupational Health and Safety: Health and Safety Policy

Cargills understands its responsibility in ensuring that all required precautions are taken to maintain safe working conditions that also comply with all statutory requirements and codes of practice. The company pays particular attention to matters of health and safety, and the elimination of risk in:

- The provision and maintenance of machinery, equipment, and work systems
- The use, handling, storage, and transport of articles and substances
- The provision of relevant information, training, and supervision
- The maintenance of work conditions
- The access and egress of all employees from the place of work
- The prevention of health and safety hazards at work
- The strict adherence to health and safety instructions by all employees

In 2019/2018 special training programs were conducted for employees on occupational health and safety, while similar training was carried out as part of the regular training curriculum of the Albert A. Page Institute (AAPI).

403-9 Occupational Health and Safety: Work-related injuries

Cargills strives to achieve a zero-incident rate on workplace injuries and accidents. In the year 2019/20, we reported 109 workplace injuries, representing an increase from the 61 injury reports in 2018/19. There were no occupational diseases reported during the year.

	By Gender		By Type	
	Male	Female	Minor	Major
Number of Injuries	88	21	47	62

As reported in previous years, all manufacturing facilities have administered Environmental, Health, and Safety Management Systems in line with ISO requirements.

404-2 Training and Education: Programs for upgrading employee skills

Cargills has consistently endeavoured to develop a workforce that is equipped with the right tools to be responsive to dynamic economic exigencies. Led by the non-profit entity the Albert A. Page Institute (AAPI) of Food Business, our employees are provided access to a wide range of high-quality training and development opportunities. AAPI collaborates with civil society partners to identify and train youth who lack the necessary skills-sets to gain employment in the private sector.

The training and development programs extend across business sectors and include executive, non-executive, and management training. The programs are largely implemented through the AAPI and include:

- Job Orientation
- Language Skills
- Skills Development
- Retention-Oriented Motivational Training
- Feedback-Oriented Refresher Courses
- Targeted Skills Development
- Employee Grooming
- Advanced Leadership
- Customer Engagement

Albert A. Page Institute of Food Business (AAPI)

The Albert A. Page Institute (AAPI) of Food Business was established in 2006 in response to the needs of young Sri Lankans from rural areas. As Cargills expanded its presence in regional Sri Lanka, it understood the true potential of rural youth who were either under-employed or unemployed due to the lack of professional skills. The value derived to our economy from unskilled labour employed overseas is significant. Unskilled migrant labour, sourced largely from rural Sri Lanka, draws the country's highest foreign exchange earnings. This further encouraged Cargills to work towards the capacity building of rural youth. AAPI has developed a series of certificate and diploma programmes aimed at creating opportunities for career advancement in the food and manufacturing sector. The certificate programs develop basic skills required to become effective and efficient executives. The courses are designed to cater to all sectors of Food Marketing including Operations, Manufacturing, Support Services, Sales and Distribution and Central Warehousing, and Agri-Business. The advanced certificate courses for Managerial Skills Development have been designed in response to organisational needs—technical, human, and conceptual skills, all of which are crucial to respond to a competitive and dynamic business environment. Once students acquire the advanced certificate they have the option of enhancing the certification to a Diploma.

Independent Grocers Alliance Online Training

The IGA Institute is a non-profit educational foundation developed by IGA (Independent Grocers Alliance) to provide on-line training materials, web based job certification courses, and class room training to support the career development needs of its international retail food associations. The IGA Institute functions as the Alliance's Learning and Development department by bringing competitive skills to independent retailers worldwide. AAPI is currently registered with the IGA Institute and is able to offer these courses online for students. Cargills utilises these online learning opportunities to empower youth in rural areas using ICT as a tool for development.

404-1 Training and Education: Average hours of training per employee

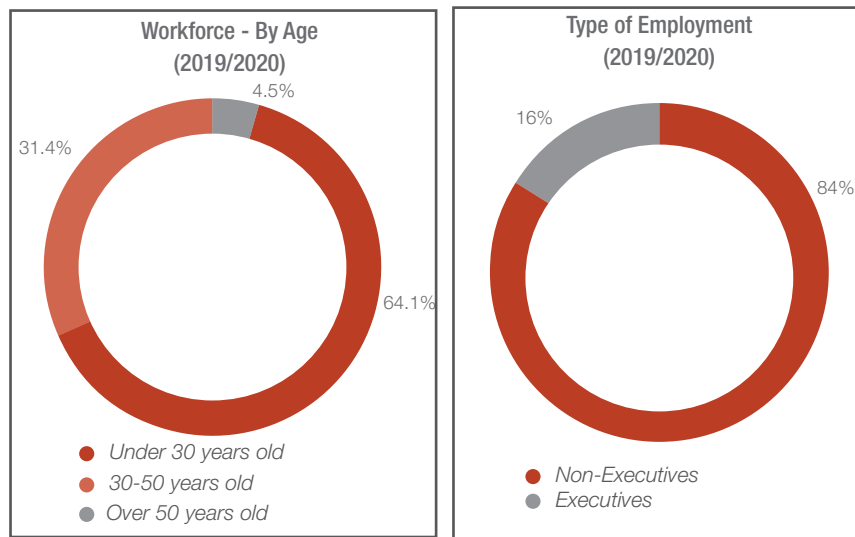
Cargills conducted 100 training programs with the participation of 13,761 non-unique participants. A total of 26,209 training room hours were provided with each participant receiving an average 17 hours of training.

Training is primarily conducted through the AAPI by in-house resource personnel, with external trainers being engaged when necessary. In-house trainers undergo regular training of trainer programs in order to ensure they are able to provide high-quality, contemporary training.

405-1 Diversity and Equal Opportunity: Diversity of Employees

At the heart of the Cargills culture is the desire to embrace our differences and make connections across business units, at every location in every district across the island - so that each employee can reach their full potential. Our multi-cultural work environment is warm and equitable ensuring that each member of our team is valued for their capabilities and respected for who they are. We strive to create a happy and focused work atmosphere that celebrates the team and encourages innovation.

We are also working particularly hard to ensure that persons with disabilities are able to share our ambition, access our services, and contribute to the success of our business. In 2019/20, women represented 47.6% of our total workforce of 10,522 employees. Out of the total workforce, 1,709 were categorised as Executives, while 8,813 were in the Non-Executive category. 6,748 employees 64.1% of employees were under the age of 30, with 470 (4.5%) employees being over the age of 50.



405-2 Diversity and Equal Opportunity: Equal Remuneration

As an equal employment opportunity provider, all candidates will be impartially assessed on objective criterion notwithstanding race, gender, ethnicity, religion, language, or civil status. Canvassing would be a disqualification, where priority will be given based on merit-for qualified applicants with a good track record. Cargills does not discriminate between gender in remuneration, and all employees are rewarded and recognised based on performance irrespective of gender.

406-1 Non-Discrimination: Incidents of Discrimination

Cargills does not tolerate any incidents of discrimination on any grounds, including discrimination based on gender, age, religion, race, or other social or cultural differences. Cargills is committed to maintaining a workplace that is free from discrimination and harassment. It is the Cargills’ policy to maintain a workplace free of sexual harassment, including unwelcome sexual advances, intimidation, and other actions that create a hostile or offensive work environment. Cargills promotes and supports open lines of communication, encouraging employees to privately air their concerns and grievances with the company’s Human Resources department. The Group also has a formal grievance handling process across business sectors, including the availability of a 24 hour hotline, regular site visits, and the maintenance of detailed grievance records and follow-up processes.

The company is pleased to note there have been no incidents of discrimination reported during the year.

407-1 Freedom of Association and Collective Bargaining

Cargills does not curtail the freedom of association of its employees. Management is committed to discussions and negotiations with the employees who are unionised. Encouraging an open door policy, we consistently place the interests of our employees at the top of all our deliberations, and recognise the important role of unions in collectively representing employee interests.

408-1 Child Labour

The Group advocates and upholds decent work practices and human rights. Cargills does not engage in, or condone, child labour and does not employ any person under the age of 18 years at our workplaces. This is built into the policies and procedures of the Group. Furthermore, there is no direct risk of incidents of child labour deployment in any operation within the Group.

409-1 Forced or Compulsory Labour

Cargills does not deploy forced or compulsory labour in any form across its business operations. In addition, supplier assessments include contractual confirmation that suppliers will take measures to refrain from the use of forced labour. With regard to where training costs are substantial, employees are made aware of the importance of serving the organisation for a reasonable period in view of the valuable training received. Employees who work beyond their contractually-allotted hours are duly compensated by means of overtime pay, and also supported with meals and transport in compliance with applicable laws and industry standards.



414-1 Supplier Social Assessment: New suppliers screened using social criteria

Cargills has entered into formal contractual agreements with every supplier who operates in the value chains within the retail and manufacturing sectors. These contracts are based on the International Finance Corporation (IFC) Environmental and Social Standards on human rights and labour practices. Accordingly, all Cargills suppliers have entered into binding legal contracts to comply with the following:

- Promote the fair treatment, non-discrimination, and equal opportunity of workers
- Establish, maintain, and improve the inter-personnel relationships
- Promote compliance with national employment and labour laws
- Protect workers, including vulnerable categories such as children, migrant workers, workers engaged by third parties, and other workers in the client's supply chain
- Promote safe and healthy working conditions and enhance employee well-being
- Refrain from the use of forced labour

Social and Relationship Capital

Cargills continues to explore opportunities to deepen our engagement with our key stakeholders—the agricultural community, suppliers, employees, government and business partners. In a bid to continuously improve these relationships, we lead several initiatives to drive sustainable business and contribute to society in general.

Through these initiatives, we invest in the education, environmental sustainability, and health and wellbeing of the communities in which we conduct operations. In doing so, we not only move closer to our goal of becoming the largest contributor to Sri Lanka, but also foster lasting relationships with our diverse stakeholders, which is integral to our business model.

203-2 Indirect Economic Impacts

Given the scope and of the Group's ecosystem, we acknowledge that our work leads to significant indirect economic impact. Most notably, our engagement with 4,193 agriculture farmers and 16,100 dairy farmers has enabled us to contribute to the upliftment of farming communities in many different ways. In 2019/20, Cargills sourced 44.5 million kilograms of fruit and vegetable from its agriculture farmers, returning a revenue of Rs. 5.05 Bn to the community. The Group's milk collection reached 54 million litres, sourced from 31 chilling centres. Over the year, our dairy farmers received a collective revenue of Rs. 4.29 Bn for their milk.

In sourcing directly from our farmers, our unique out-grower model has reduced transaction costs and eliminated middlemen. This allows us to not only offer farmers a higher farmgate price, but to also offer customers fresh produce at affordable prices. As a result, we are able to contribute to reducing the overall cost of living. In addition, by integrating farmers into Cargills extensive network and supply-chain, we have greatly enhanced their access to domestic, import, and export markets.

Cargills also plays a key role in sharing knowledge and expertise, and providing technical support, in the agriculture sector. Over the years, such support has helped farmers reduce post-harvest loss from over 40% to less than 8%, and enhance levels of productivity and the quality of produce. This has contributed to reducing the cost of production and ensuring that farmers receive a fair return for their harvest.

413-1 Local Community Engagement

Cargills Sarubima Fund

Cargills introduced 'Cargills Sarubima' in 2008, a fund which gives back 50 cents to the community for every kilogram of fresh produce, and every litre of fresh milk, purchased from our farmers. Since then, the fund has become its own entity through which the Group engages and seeks to uplift the country's rural communities. This fund has been mainly used to provide educational scholarships for children, resources

for learning and professional advancement, insurance for farmers, and investment in local infrastructure. Decisions pertaining to the disbursement and allocation of funds are made jointly between members of the community and Cargills.

During the year, the fund provided a total of 444 beneficiaries with scholarships, and other assistance. This amounted to a total disbursement of Rs. 21,920,000.

Type of Disbursement	Value	Number
Scholarships	21,920,000	444
Community Development Projects	11,005,556	33
Agriculture Modernisation Project	14,796,517	1

Educational Scholarships

Cargills continued to provide scholarships for students at different levels of education and areas of training. In 2019/20, 444 scholarships were provided over the course of 10 functions.

Type of Scholarship	No. of Beneficiaries
Grade 5	89
A-Level	189
University	128
Vocational Training	25
Pharmaceutical Training	1
Other training	12
Total Scholarships	444

Community Development Projects

In previous years, community development projects have included the introduction of drinking water facilities and infrastructure development in schools, and building playgrounds and parks for children at several locations. Cargills continues to engage local communities in the following locations:

Badalgama	Boralanda	Hatton
Bandarawela	Dambulla	Hettipola
Banduragoda	Dayagama	Jaffna
Bogahawatta	Galewela	Kalugamuwa
Bogawanthalawa	Hanguranketha	Kilinochchi
Lindula	Norwood	Ruwalwela
Masskeliya	Nuwara Eliya	Thambuthegama
Meesalai	Rambe	Thanamalvila
Narangoda	Raththota	Wattegama
Norochcholai	Rikillagaskanda	Yatawatte



Agriculture Modernisation Project

During 2018/19, Cargills launched the Cargills Sarubima Agriculture Modernisation Project with the objective of enhancing farmer livelihoods through improved productivity while also adhering to the international standards of product quality and safety. Through this project, Cargills seeks to address the diverse challenges that impede the growth of agriculture in Sri Lanka. These challenges include but are not limited to, high costs of production, low yields, volatile climatic conditions, dwindling interest of youth in agriculture, overuse of agro-chemicals, and limited export potential of local produce.



Currently in its second phase, the project adopts the following strategy to address these challenges:

- Expanded the project to include another 80 farmers in Boralanda, Bandarawela, Hanguranketha and Nuwara Eliya, bringing the total number of farmers partaking in this project to 160
- Introduce improved, climate-smart agricultural practices for different crop varieties
- Expose farmers and Cargills agriculture extension officers to globally-accepted crop production methods and provide key information on Good Agriculture Practices (GAP)

Through the project, the selected farmers received a range of special agriculture inputs, such as micro-irrigation systems, plastic mulch, insect-proof nets, and soil and water testing. Half of the cost was covered under the Cargills Sarubima fund, while a long-term, single-digit interest loan was provided to the farmers through Cargills Bank to cover the remaining cost. In addition to special inputs, 8 farmers and 5 extension officers were given the opportunity to visit high tech farms and technical parks in India in the year 2018/19, which showcased the success of the agriculture modernisation program. This exposure visit not only facilitated knowledge among the farming community, but also encouraged a shift towards modern farming practices. The project is being implemented with the technical support of JAIN Irrigation Systems in India.

GAP Certification

Cargills has long-promoted the adoption of good agricultural practices (GAP) in the production of fruit and vegetables. GAP is the result of our commitment to offering our consumers the safest produce for their food requirements. Our efforts to improve agricultural practice in Sri Lanka are best demonstrated through the series of projects we have undertaken; including the 'Save our Soil' project in 2014, or the Agriculture Modernisation Project in 2018/19.

With the support of the Department of Agriculture, we have enabled farmers to pursue good agriculture practice. For instance, we have taken measures to ensure that produce can be traced back to the farmer source, crop record books are maintained to monitor levels of input, and farmers avoid the overuse of agro-chemicals and fertilisers on their land. As a result of such measures, our produce consistently falls within globally-accepted criteria pertaining to residue on fruit and vegetables.

Cargills is proud to lead the way in bringing SL-GAP certification into practice; leveraging its extensive network of retail outlets to offer customers certified GAP produce, under its Good Harvest brand. Much of this produce is sourced from farmers under the Cargills Sarubima Agriculture Modernisation Project. Each product

packaging contains information on the farmer along with a distinctive QR code, to establish traceability.

As we continue to empower our customers to consume local fruit and vegetables with confidence, we are confident that the continued development of GAP certified produce, helps advance the Sri Lankan agriculture sector.

BeeSafe

The widespread consumption of fresh produce cultivated with the use of toxic chemicals has led to a significant increase in the number of non-communicable diseases; such as cancers, kidney disease, heart disease, liver damage, and diabetes. Our dietary habits, which increasingly favour convenience over quality, have only served to make this situation worse.

With the health and well-being of the people and the future generations at risk, the need to address this situation is extremely important. Towards this end, BeeSafe was launched in 2019, and includes a wide variety of ecologically cultivated fruits, herbs and vegetables (free from harmful toxins and chemicals) into our regular diet. The aim of this initiative is to not only lessen the risk of disease, but also contribute to a positive lifestyle change.

Establishment of toxin-free ecological zones is envisioned as part of this far-reaching plan. Cargills aims to guarantee that any crop cultivated in the special toxin-free ecological zones will be completely free of harmful chemicals.

Cargills Rice

Together with the Parabowa farmer association, a range of traditional rice varieties was introduced to ensure better nutrition of the people in our nation. The Ceylon Traditional Rice variants are found to be better than commonly available rice varieties due to the presence of higher antioxidant, fibre, iron and protein levels as well as possessing a low glycemic index. Each of the 6 varieties provided have its own unique health benefits.

Rice Variety	Health Benefits
Suwandel	Promotes healthy skin and hair, aids in digestion, and helps to control diabetes
Kuruluthuda	Rich in protein and fibre and improves digestion and bladder function
Pachchaperumal	Rich in protein and nutrients and is considered ideal for children and those with diabetes or cardiovascular ailments
Ma-Wee-Hangimuttan	Provides a cooling effect on the body and is effective for a range of health issues, including tuberculosis, indigestion, diabetes, and obesity
Kalu Heeneti	Used in traditional medicine, it is considered an ideal nutritional option for children, mothers, and babies aged over 6 months
Traditional Rice Blend	Being a blend of the Suwandel, Kalu Heeneti, Ma Wee-Hangimuttan and Kuruluthuda rice variants, it possesses a variety of medicinal/nutritional properties of all its constituents

205-2 Anti-Corruption: Communication and Training on Anti-Corruption

Cargills adheres to the highest standards of integrity and ethical conduct across all our business activities, and every employee is expected to maintain this reputation through honest and professional conduct. Cargills has zero tolerance towards bribery and corruption and all executives are bound by a signed code of conduct which prohibits them from accepting or offering any form of gift or emolument that may be construed as a bribe. Executives are also issued official memorandums to remind them of this obligation during festive seasons where the occurrence of such dealings are more probable.

Insider Trading

The trading of company shares or other securities by individuals who have access to non-public information is strictly prohibited and will result in disciplinary sanctions or criminal charges.

205-3 Anti-Corruption: Incidents of anti-corruption

There were no incidents or reports of anti-corruption or bribery during the financial year 2019/20.

206-1 Anti-Competitive Behaviour

There were no incidents or reports of anti-competitive behaviour during the financial year 2019/20.

414-1 Supplier Social Assessment

Cargills enters into contractual agreements with every supplier who operates within the retail and manufacturing sectors. These contracts include social performance indicators which aim to assess the impact the supplier makes on society. The compliance of the suppliers with these indicators is monitored through periodic audits.

416-1 Customer Health and Safety: Assessment of Health and Safety Impacts

The health and nutrition of our customers remains a key priority of Cargills. We thus consider it our responsibility to ensure that the products we offer are safe and of the highest quality. In view of this, we have provided our product development team with a set specific nutrient criteria that is to be utilized in all food products. Collaborating with Sri Lankan Universities (Peradeniya University, Sri Jayawardenapura University, Uva Wellassa University) to collate expert knowledge and provide the healthiest products to consumers. We remain committed in using fresh milk and natural

fruits and vegetables rich in vitamins, minerals & fibre in our product range as much as possible.

- All our dairy products are manufactured using local fresh milk which is a rich source of several essential nutrients, including protein, calcium, vitamin A and vitamin D
- Our products contain real fruits which are rich in vitamins, minerals and fibre as key ingredients. Kotmale drinking yoghurt is flavoured with real fruits and we also carry a range of Kist brand products made out of real fruits
- Our Kist Knuckles spring water is bottled at source to retain all natural elements of the water from the pristine mountain which the unpolluted environment possesses
- Our Kotmale set and drinking yoghurt contains probiotics which helps improve gut health
- Our Kotmale natural cheese contains high- quality protein & amino acids which provides the essential building blocks for good body development
- Launched BeeSafe and Cargills Rice to ensure improved nutrition to our customers

Taking account of the 'Lite' product range launched in 2018/19, it remains a fan-favourite to our customers who have a higher demand for healthier alternatives. This product range includes 'Lite' Yoghurts (which contain 50% less sugar, lower fat content and higher protein levels when compared to the original yoghurt) and 'Lite' Nectars (which contain 43% less sugar when compared to the original nectar).

The initiatives undertaken during 2019/20 regarding the health and safety of our customers include:

- Re-launching a variety of processed meats without monosodium glutamate (MSG) such as,

Product	Variants
Chicken Supreme Sausage	150g, 250g, 500g, 1kg
Chicken Garlic Sausage	350g, 1kg
Chicken Bockwurst Sausage	350g, 1kg
Pork Sausage	1kg
Beef Sausage	1kg

- Expanding our healthy product portfolio with the launch of Aloe Vera Nectar (500ml), 'Lite' Green Apple Nectar (200ml), and Milk with Oats (180ml)
- Launched Goldi chicken sausage (250g) fortified with chia seed oil - rich with Omega 3 fatty acid -which offers our customers health benefits pertaining to blood pressure and cholesterol levels

Our food processing plants also continue to be equipped with ISO and SLS quality certification.

417-1 Marketing and Labelling: Product and Service Labelling

In 2019/20, 94% of our products met requirements on the inclusion of instructions for storage and 95% of our products met requirements on the complete lists of ingredients, allowing our customers to make an informed choice on what they consume. 84% of products met requirements pertaining to the inclusion of a disposal logo, showing a great improvement against 2018/19, where only 67% of our products met the disposal logo requirements. As always, Cargills will continue to strive towards 100% compliance.

Instructions for Storage	Disposal Logo	Complete List of Ingredients in descending order
Yes (% met)	Yes (% met)	Yes (% met)
94	84	95
GRI Index Coverage	91%	

Cargills ensures that our product information, labelling, and claims are factual and is supported by scientific evidence. Overall, the products and services labelling currently meets 91% of the GRI standard, and remains fully compliant with Sri Lankan laws and regulations.

**417-2 Marketing and Labelling: Product and Service Labelling
Non-Compliance**

Cargills implements internal quality-controls and measures at every point on the food supply chain, to ensure that our products are of the highest standard of food safety and quality. Furthermore, we report well above the regulatory requirements, including information on ingredients and nutritional content, flavours, additives, colouring, anti-oxidants, preservatives, stabilisers, net content, storage instructions, and disposal methods.

This proactive, comprehensive approach to product and service information and labelling has meant there were no incidents of non-compliance reported in 2019/20.

Customer Satisfaction Surveys

Cargills regularly seeks to engage its customers to gain valuable insight regarding the products and services we provide. Specifically, through the administration of customer satisfaction surveys, we are able to position ourselves at the forefront of product innovation.

This feedback helps the company obtain a good understanding of dynamic consumer sentiments and develop a value-added product portfolio that meets demand. In the year 2019/20, Cargills interviewed 1,176 customers for the purposes of evaluating product development and improvements.

A total of 11 surveys were carried out on new or existing products, covering a total of 9 food items.

Customer Satisfaction Surveys (2019/20)			
Existing Products	New Product Development	Total Surveys	Sample Size
8	3	11	1176

419-1 Socio-Economic Compliance: Non-Compliance with Laws and Regulations

In the past year, no major incidents of non-compliance with laws and regulations in the socio-economic area have been reported. Cargills follows formal processes and applies standard practices in addressing any such instances, including identifying the root cause and immediate rectification.



Natural Capital

Natural capital comprises the natural resources, assets and processes that are used to support the achievement of business strategy. Fulfilling our purpose of nourishing people requires clean water, soil and air and these resources provide the environment for other capitals to flourish. As a food company, we are focused on a sustainable future that reduces demands on the environment as populations continue to grow.

Cargills is committed to protecting our natural resources and reducing our footprint on the environment. Owing to this, we have invested in efforts to reduce our energy and water consumption across all business units, while minimising waste wherever possible. Another priority is to minimise food waste and post-harvest loss. Through detailed and constant monitoring of our environmental footprint, our underlying aim is to minimise long-term adverse impacts on the environment.

302-1 Energy: Energy Consumption within the organisation

Cargills initiatives to conserve energy across the ecosystem include efforts to monitor energy usage, utilise renewable energy, and install energy-efficient lighting. The company's primary source of energy is the national grid, and the retail sector remains the highest consumer of such energy. Energy consumption is measured, consolidated, and reported through a combination of logs maintained at each business unit, bills received from utility providers, and ledger entries.

Energy Consumption (2019/20)	Value	Unit
Fuel Consumption		
• Diesel	1,151,809	L
• Gas	752,212	Kg
• Furnace Oil	2,873,431	L
Electricity Consumption	115,973,249	Kw/h

In 2019/20, Cargills has taken significant steps towards the introduction of renewable solar energy in its operations. At the end of the year, three retail outlets - in Nawala, Pethiyagoda and Wattala - were generating around 9,500 units (KWH) of solar energy per month. Additionally, our factories are now equipped with 2,450 KW of solar capacity, having utilised 14,340 square meters of roof area to install solar panels. This is equivalent to a reduction in the release of 4,088,010 kg of carbon dioxide every year, based on calculations of the US Environmental Protection Agency.

303-3 Water and Effluents: Water Withdrawal

Water is a key resource in each of our manufacturing process and in particular to our water bottling business. Achieving efficiencies in our water consumption and maintaining the health and hygiene of our production facilities are important environmental priorities for the Group. It is also a fundamental input in our water bottling business. Our water requirement is sourced through a mix of groundwater and national supply based on the needs and requirements of our business units.

Water Withdrawal	Value	Unit
Groundwater	98,753,873	L
Water Board	594,068,823	L
Approved Supplier	217,161,000	L
Total Water Withdrawal	909,983,696	L

Throughout the Group, we work towards zero-environmental footprint by conserving, restoring, and replacing the natural resources that we use in our operations. In 2019/20, Cargills recycled 51,637,000 litres of water, and the discharge of water has reduced in line with a greater focus on efficient water management. The quality of water discharge, as per GRI 303-4, is in line with the standards approved for agriculture processes by the Central Environmental Authority. Our production plants are aligned with comprehensive Environment Management Systems that also help to analyse our environmental footprint in terms of emissions, effluent, and waste.

In the context of waste, the transition of KFC restaurants to plastic-free operations continued this year. During the year, the 40 restaurants replaced the use of plastic in the packaging of its rice-based products and replaced plastic take away bags with cloth and paper-based bags. These actions led to a reduction of approximately 4.25 MT of plastic per month. Moreover, the KFC staff have also been educating and encouraging customers to reduce the usage of plastic straws, with information cards being provided.

Cargills Food City continues to engage with its customers to reduce the use of plastic bags and gives options to the customers in the form of reusable bags.

304-1 & 304-2 Biodiversity

The protection of biodiversity is important for ensuring the survival of plant and animal species, and endangered natural ecosystems. The Group is committed to conserving biodiversity in Sri Lanka, and enhancing it through adherence to local laws and regulations.

The Knuckles Mountain Range, located near our Kist Knuckles water bottling facility at Katool Oya Estate, is an area of high bio diversity value. The 40-acre facility is situated 1,000 meters above sea level. The area is not highly populated, and the proximity to a natural forest reserve lowers the possibility of future industrialisation/urbanisation. The bottling facility sources spring water from the top of a small mountain covered with natural forest and rich with biodiversity. The water is replenished entirely by rainfall, which falls at an average of 3,000 mm/year, and is supplemented by several streams originating at the top of the mountain range.

Given this plentiful hydro-geological set-up, the sourcing of water from this area has a negligible impact on the long-term sustainability of the environment. Despite this, Cargills continues to act responsibly in its operations in the area, taking precautions necessary to ensure minimal impact.

307-1 Environmental Compliance

Cargills has established a formal process to address any matters of non-compliance with laws and regulations concerning the environment. This includes pre-emptive measures to assess environmental risks in investments and regular review of relevant legislation. In 2019/20, no fines or penalties were imposed on the Group for non-compliance.

308 -1 Supplier Environmental Assessment

Cargills enters into formal contractual agreements with every supplier who operates within the retail and manufacturing sectors. These contracts are informed by the International Finance Corporation (IFC) Environmental and Social Standards. As noted above, these contracts already include social performance indicators which aim to assess the impact the supplier makes on society. The contracts are currently being evaluated to include similar indicators for supplier impact on the environment. The compliance of the suppliers with such indicators shall be monitored through periodic audits.



Environmental Grievance Mechanism

No major grievances pertaining to our impact on the environment were reported in 2019/20. Stakeholders are encouraged to share their grievances through a choice of different communication channels, including hotlines, feedback forms, e-mail correspondence, or post. These grievances are then assigned to the relevant entities within the company and are handled on a case-by-case basis.

Cargills takes its commitment to the environment seriously, and such grievances enable us to reflect on our processes, identify the root-causes of issues, and improve our contribution to the environment. We also recognise that the identification of shortcomings allows us to reinforce our efforts to monitor risks, and incorporate more robust preventive measures.

Manufactured Capital

Across Cargills' diverse ecosystem, manufactured capital includes 3 central processing facilities for fruit, vegetables and seafood; 8 food production facilities; and a 24x7 delivery operation. The Group also works with 20,293 agriculture and dairy farmers where, every day, around 122 MT of fruit and vegetables are procured at 11 collection centres; and 150,000 litres of milk are procured at 790 collection points, linked to 31 milk chilling centres. The dry goods operation is undertaken through 3 permanent distribution centres with a combined storage capacity of 400,000 sq. ft. In the retail sector, 411 retail outlets serve customers in all 25 districts across Sri Lanka. This represents an addition of 31 new outlets in the past year.

In 2015/16, the company embarked on an exciting initiative to further enhance the customer experience through the introduction of new store formats. At the end of 2019/20, a total of 77 outlets operated as new-look, concept stores; each creating a modern, spacious retail experience, while retaining the trusted image and ambience of our Food City brand. In the restaurant sector, alongside one TGI Friday's operation, KFC operated 40 restaurants across the country, with 1 new restaurant being opened in 2019/20.

Investments in Manufactured Capital

Cargills recognises the importance of continuous investment in infrastructure to improve efficiency and curtail production costs. A number of initiatives have been undertaken towards this end:

- **Capital Investments:** Regular and diverse investment to ensure the quality of systems, processes, and our manufacturing assets. We have substantially allocated capital resources into enhancing the quality of our manufacturing assets.
- **Factory Machines:** Ensure a high level of factory machine availability to ensure higher throughput per hour, reducing product losses and energy consumption.
- **Capacity Utilisation:** To meet demand fluctuations, managing manufacturing capacities is critical. Sales growth is only possible when we are able to efficiently meet the required volumes.
- **Material Trade-Offs:** Facilitate skills development of employees along with the adoption of advanced technology and automation. This inherent trade-off is factored into any assessment of productivity improvements, where production is measured to evaluate how successful we have been in reducing operating costs.

203-1 Indirect Economic Impacts: Infrastructure Investments and Services

As a sustainable corporate citizen, we recognise that it is our responsibility to minimise the impact on the environment and society due to our manufactured capital. Therefore, the Group endeavours to identify, evaluate, and control all potential risks that may arise from any investments or infrastructure projects prior to implementation.

Likewise, all our products are manufactured in compliance with best practices for quality, hygiene and food safety. Our manufacturing plants are ISO and SLS certified. Our Quality Assurance and Control Technicians undertake comprehensive testing of our products at all production stages.

Investments in manufactured capital have led to a corresponding increase in the sustainable value created for our stakeholders, and we foresee further value creation in the future pertaining to the following areas:

Supply Chain Planning and Procurement

- Improved pricing strategies with farmers, suppliers and traders
- Improved cold chain facilities to reduce post-harvest loss
- Procurement of fruit and vegetables; create export initiatives to enhance market opportunities

Production

- Improved asset utilisation
- Industry development, export opportunities, and job creation
- Increased efficiencies in energy, water, and waste management
- Increased capacity utilisation

Distribution and Warehousing

- Optimised distribution network through efficient planning and monitoring
- Automated key manual processes involved in warehousing

Commercial

- Enhanced local and international customer base
- Retention of existing customers
- Identified untapped markets



Intellectual Capital

Cargills believes that development of intellectual capital is important to sustained business growth and recognises that the efforts to build and sustain intellectual capital must occur in an environment that fosters and protects constructive dialogue and the development of ideas. Therefore, the Group invests in protecting its intellectual property through employment contracts and confidentiality agreements, commensurate with national laws and regulations on intellectual property.

Brands

Under the Cargills corporate banner, we have established multiple household brands such as Cargills Food City, Cargills Food City Express, Kist, Kotmale, Magic, Islands Finest, Goldi, Sam's, and Cargills Finest. Cargills also owns the franchise rights to two globally recognised brands KFC and TGIF. Central to all the aforementioned brands is their identity and therefore, we are devoted to protecting the brand by registering its details at the national intellectual property rights office and continuing to maintain such trademarks.

Ideas

Cargills places a high value on its talented employee base, and the knowledge and ideas they bring to the company. The company aims to harness and build upon these ideas through focused training programs and cross-functional exposure.

Corporate Governance

Cargills remains committed to the principles of sound corporate governance and embraces global best practice in this regard. We thus continue to grow and evolve to meet the requirements of a dynamic business environment, and aim to strengthen associated structures, processes, and practice. Specific aspects of our commitment to corporate governance are covered elsewhere in this report.

GRI Content Index Tool

GRI Standard	Disclosure	Page Number	Omission	SDG
GRI 101: Foundation				
General Disclosures				
GRI 102: General Disclosures	102-1 Name of Organisation	Annual Report (AR) p. 01		
	102-2 Activities, brands, products and services	(AR) pp. 14-15		
	102-3 Location of headquarters	(AR) IBC		
	102-4 Location of operations	(AR) IBC		
	102-5 Ownership and legal form	(AR) IBC		
	102-6 Markets served	(AR) p. 22		
	102-7 Scale of the organisation	(AR) pp. 11-13		
	102-8 Information on employees and other workers	21		
	102-9 Supply chain	(AR) pp. 08 - 09		
	102-10 Significant changes to the organisation and supply chain	(AR) pp. 08 - 10		
	102-11 Precautionary Principle or approach	(AR) p. 37		
	102-12 External initiatives	(AR) pp. 22-23		
	102-13 Membership of associations	23		
	102-14 Statement from senior decision-maker	(AR) pp. 16-18		
	102-16 Values, principles, norms and standards of behaviour	06		
	102-18 Governance Structure	(AR) p. 28		
	102-40 List of stakeholder groups	11 - 13		
	102-41 Collective bargaining agreements	21		
	102-42 Identifying and selecting stakeholders	10		
	102-43 Approach to stakeholder engagement	10		
	102-44 Key topics and concerns raised	11-13		
	102-45 Entities included in the consolidated financial statements	(AR) IBC		
	102-46 Defining report content and topic boundary	13 - 14		
	102-47 Material topics	12 - 14		
	102-48 Restatement of information	(AR) p. 03		
	102-49 Changes in reporting	(AR) p. 03		
102-50 Reporting period	(AR) p. 03			
102-51 Date of most recent report	(AR) p. 03			
102-52 Reporting cycle	(AR) p. 03			
102-54 Claims of reporting in accordance with GRI Standards	02			
102-55 GRI context index	33			
102-56 External assurance	39 - 41			

GRI Standard	Disclosure	Page Number	Omission	SDG
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Economic Performance				
GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	13 - 15		
	103-2 The Management Approach and its components	16		
	103-3 Evaluation of the Management Approach	15 - 16		
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	17		
	201-2 Financial implications and other risks and opportunities due to climate change	17		
	201-3 Defined benefit plan obligations and other retirement plans	18		8
Market Presence				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The management approach and its components	19		
	103-3 Evaluation of the management approach	19		
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	19		5 , 8 & 10
Indirect Economic Impacts				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The management approach and its components	22		
	103-3 Evaluation of the management approach	22		
GRI 203: Indirect Economic Impacts	203-2 Significant indirect economic impacts	22		4,6 & 12
Procurement Practices				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-3 Evaluation of the management approach	17		
	103-2 The management approach and its components	17		
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	17		
Anti-Corruption Behaviour				
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The management approach and its components	26		
	103-3 Evaluation of the management approach	26		
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies and procedures	25		
	205-3 Confirmed incidents of corruption and actions taken	25		

GRI Standard	Disclosure	Page Number	Omission	SDG
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	103-2 The management approach and its components	26		
	103-3 Evaluation of the management approach	26		
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	25		
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	12 - 14		
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	103-2 The management approach and its components	29		
	103-3 Evaluation of the management approach	29		
GRI 304: Biodiversity	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	29		12 & 15
	304-2 Significant impacts of activities, products, and services on biodiversity	29		12 & 15
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GRI 307: Environmental Compliance	307-1 Non-Compliance with Environmental laws and regulations	29		
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GRI 401: Employment	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	18		8
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GRI 403: Occupational Health and Safety	403-9 Work - Related injuries	19		8
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	103-2 The management approach and its components	20		
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GRI 404: Training and education	404-1 Average hours of training per year per employee	20		
	404-2 Programs for upgrading skills and transition assistance programmes	20		
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The management approach and its components	21		
	103-3 Evaluation of the management approach	21		

GRI Standard	Disclosure	Page Number	Omission	SDG
GRI 405: Diversity and equal opportunity	405-1 Diversity of governance bodies and employees	21		
	405-2 Ratio of basic salary and remuneration of women to men	21		8
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The management approach and its components	21		
	103-3 Evaluation of the management approach	21		
GRI 406: Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	21		8
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	12 - 14		
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	103-3 Evaluation of the management approach	22		
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	21		
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The Management Approach and its components	22		
	103-3 Evaluation of the management approach	22		
GRI 408: Child Labour	408-1 Operations and suppliers at significant risk for incidents of child labour	21		
Forced or Compulsory Labour				
Management Approach	103-1 Explanation of material topics and its boundaries	12 - 14		
	103-2 The Management Approach and its components	21		
	103-3 Evaluation of the management approach	21		
GRI 409: Forced or Compulsory Labour	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	21		
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	12 - 14		
	103-2 The Management Approach and its components	22		
	103-2 Evaluation of the Management Approach	22		
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments and development programmes	22-25		4, 6 & 12
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12 - 14		
	103-2 The management approach and its components	22		
	103-3 Evaluation of the management approach	22		

GRI Standard	Disclosure	Page Number	Omission	SDG
GRI 414: Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	22		
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	12-14		
	103-2 The Management Approach and its components	26		
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GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	25-26		3
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GRI 103: Management Approach	103-1 Explanation of material topics and its boundaries	12-14		
	103-2 The Management Approach and its components	26		
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GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	12-14		
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GRI 419: Socioeconomic Compliance	419-1 Non-compliance with laws and regulations in the social and economic area	27		

Independent Auditor's Report



KPMG
(Chartered Accountants)
32A, Sir Mohamed Macan Markar Mawatha,
P. O. Box 186,
Colombo 00300, Sri Lanka.

Tel : +94 - 11 542 6426
Fax : +94 - 11 244 5872
+94 - 11 244 6058
Internet : www.kpmg.com/lk

INDEPENDENT ASSURANCE REPORT TO CARGILLS (CEYLON) PLC

We have been engaged by the directors of Cargills (Ceylon) PLC ("the Company") to provide reasonable assurance and limited assurance in respect of the Sustainability Indicators as identified below for the year ended 31 March 2020. The Sustainability Indicators are included in the Sustainability Report ("the Report") which is the supplementary information to the Cargills (Ceylon) PLC's Integrated Annual Report for the year ended 31 March 2020 and referred to therein.

The Reasonable Assurance Sustainability Indicators covered by our reasonable assurance engagement are:

Assured Sustainability Indicators	Sustainability Report Page. (Supplementary Information to the Integrated Annual Report)
Financial Highlights	02-03

The Limited Assurance Sustainability Indicators covered by our limited assurance engagement are:

Limited Assurance Sustainability Indicators	Sustainability Report Page. (Supplementary Information to the Integrated Annual Report)
Non-Financial Highlights	04
Information provided on following	
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Human Capital	18-22
Social & Relationship Capital	22-27
Natural Capital	28-30
Manufactured Capital	30-31
Intellectual Capital	32

Our Conclusions

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

KPMG, a Sri Lankan partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

M.R. Mihular FCA
T.J.S. Rajakarier FCA
Ms. S.M.B. Jayasekara ACA
G.A.U. Karunaratne FCA
R.H. Rajan FCA
A.M.R.P. Alahakoon ACA
P.Y.S. Perera FCA
W.W.J.C. Perera FCA
W.K.D.C. Abeyrathne FCA
R.M.D.B. Rajapakse FCA
M.N.M. Shameel ACA
C.P. Jayatilake FCA
Ms. S. Joseph FCA
S.T.D.L. Perera FCA
Ms. B.K.D.T.N. Rodrigo FCA
Ms. C.T.K.N. Perera ACA
Principals - S.R.I. Perera FCMA(UK), LLB, Attorney-at-Law, H.S. Goonewardene ACA,
Ms. P.M.K. Sumanasekara FCA

Independent Auditor's Report contd.



Reasonable Assurance Sustainability Indicators

In our opinion, the Reasonable Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2020 are, in all material respects, prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Limited Assurance Sustainability Indicators

Based on the limited assurance procedures performed and the evidence obtained, as described below, nothing has come to our attention that causes us to believe that the Limited Assurance Sustainability Indicators, as defined above, for the year ended 31 March 2020, have not in all material respects, been prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

Management's Responsibility

Management is responsible for the preparation and presentation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines.

These responsibilities includes establishing such internal controls as management determines are necessary to enable the preparation of the Reasonable Assurance Sustainability Indicators and the Limited Assurance Sustainability Indicators that are free from material misstatement whether due to fraud or error.

Management is responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities.

Management is also responsible for ensuring that staff involved with the preparation and presentation of the description and Report are properly trained, information systems are properly updated and that any changes in reporting encompass all significant business units.

Our responsibility

Our responsibility is to express a reasonable assurance conclusion on the Company's preparation and presentation of the Reasonable Assurance Sustainability Indicators and a limited assurance conclusion on the preparation and presentation of the Limited Assurance Sustainability Indicators included in the Report, as defined above.

We conducted our assurance engagement in accordance with Sri Lanka Standard on Assurance Engagements SLSAE 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information (SLSAE 3000) issued by the Institute of Chartered Accountants of Sri Lanka.

We have complied with the independence and other ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of Sri Lanka.

SLSAE 3000 requires that we plan and perform the engagement to obtain reasonable assurance about whether the Reasonable Assurance Sustainability Indicators are free from material misstatement and limited assurance about whether the Limited Assurance Sustainability Indicators are free from material misstatement.

Reasonable assurance over Reasonable Assurance Sustainability Indicators

The procedures selected in our reasonable assurance engagement depend on our judgment, including the assessment of the risks of material misstatement of the Reasonable Assurance Sustainability Indicators whether due to fraud or error.

In making those risk assessments, we have considered internal control relevant to the preparation and presentation of the Reasonable Assurance Sustainability Indicators in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of the Report.

Our engagement also included assessing the appropriateness of the Reasonable Assurance Sustainability Indicators,



the suitability of the criteria, being the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines, used by the Company in preparing and presenting the Reasonable Assurance Sustainability Indicators within the Report, obtaining an understanding of the compilation of the financial and non-financial information to the sources from which it was obtained, evaluating the reasonableness of estimates made by the Company, and re-computation of the calculations of the Reasonable Assurance Sustainability Indicators.

Limited assurance on the Assured Sustainability Indicators

Our limited assurance engagement on the Limited Assurance Sustainability Indicators consisted of making enquiries, primarily of persons responsible for the preparation of the Limited Assurance Sustainability Indicators, and applying analytical and other procedures, as appropriate. These procedures included:

- interviews with senior management and relevant staff at corporate and selected site level concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- enquiries of management to gain an understanding of the Company's processes for determining material issues for the Company's key stakeholder groups;
- enquiries of relevant staff at corporate and selected site level responsible for the preparation of the Limited Assurance Sustainability Indicators;
- enquiries about the design and implementation of the systems and methods used to collect and report the Limited Assurance Sustainability Indicators, including the aggregation of the reported information;
- comparing the Limited Assurance Sustainability Indicators to relevant underlying sources on a sample basis to determine whether all the relevant information has been appropriately included in the Report;
- reading the Limited Assurance Sustainability Indicators presented in the Report to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company;
- reading the remainder of the Report to determine whether there are any material misstatements of fact or material inconsistencies based on our understanding obtained as part of our assurance engagement.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement, and consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion on the Limited Assurance Sustainability Indicators.

Purpose of our report

In accordance with the terms of our engagement, this assurance report has been prepared for the Company for the purpose of assisting the Directors in determining whether the Company's Reasonable and Limited Assurance Sustainability Indicators are prepared and presented in accordance with the Consolidated Set of Global Reporting Initiative Sustainability Reporting Standards Guidelines and for no other purpose or in any other context.

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any other context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent assurance report, or for the conclusions we have reached.

(Signed)

CHARTERED ACCOUNTANTS

Colombo

05 August 2020



www.cargillsceylon.com

Cargills (Ceylon) PLC

No. 40, York Street, Colombo 1.

