

Sustainability Report

Managing Director's / CEO's Message

CIC, being the agriculture trailblazer that we are, have worked closely with nature for over 50 years. We understand like few do the relationship between the environment, the people and the economy. Needless to say Sustainability comes naturally to CIC and we are committed to upholding it and all it stands for.

This year's Sustainability Report incorporates elements of the G4 reporting principles introduced by the Global Reporting Initiative (GRI) in their Sustainability Reporting Guidelines. We are working towards making our Sustainability Report G4 compliant in the coming year.

This year the Group achieved turnover of 23.86Bn and Profits of 1.04Bn.

CIC has always believed that for agriculture to be sustainable in this country, the people engaged in it should be knowledgeable and have access to information. To this end, we continue to be committed to uplifting rural communities, through education and knowledge sharing.

At CIC our main mode of knowledge sharing with the community is our 'Out Grower' model. This model operates on the principle, that we impart to farmers, technical know how and knowledge on sustainable farming and on adding value to farm produce and then buy back their produce at a competitive price. This model is very successful because it brings mutual benefits. Farmers gain knowledge on improved farming and related practices and enjoy the peace of mind and security that comes with the assurance that their produce will be bought back by CIC. CIC benefits because we get produce that meets our high standards of quality. This year too we worked with over 20,000 out-growers in the agriculture sector.

Training suppliers (farmers) and then linking them to the supply chain is sustainability at its best. Through our 'out grower' model CIC brings to life, one of the best examples of linking both stakeholder and shareholder expectations, in corporate Sri Lanka.

With the population growing and agricultural lands dwindling the demand for nutritious food is on the increase. This poses a major threat to the food security of a nation. At CIC we are

concerned about our nation's food security and have been working towards overcoming this threat for many years, even organising the first ever 'Conference on National Food and Nutrition Security' in 2012. We believe that the only way to overcome this challenge is to increase the productivity of agricultural lands. This can be achieved only by using sustainable modern technologies developed in this sector.

As explained above through our 'out grower programs' we are involved in imparting to farmers knowledge on modern farming methods and introducing them to the latest technology. CIC, through our seeds business, have introduced a series of high quality seed paddy and vegetable seeds to the market. These seeds enable farmers to reap better yields. CIC has also introduced hybrid seeds that are high yielding, weather resistant and pest resistant, which has enabled vegetables like beetroot and cauliflower that were once grown only in temperate climates to be now grown in areas such as Kurunegala, Kalpitiya and Dambulla.

The biggest challenge faced by the agriculture industry today is the overuse of certain agricultural inputs by the farming community. This problem has escalated to the extent that ground water, rivers and reservoirs have become polluted. As we see it, the solution to this issue lies in educating the farmer on scientific crop management. At CIC we firmly believe in this principle and are committed to share this message with the farming community.

This year too, the Crop Protection businesses of the Group continued to experience the negative effects of the tightened regulatory processes imposed by the Government authorities on crop protection chemicals. As always here too whilst promoting the judicious use of chemicals we ensure that our products are sourced from the best global manufacturers. These manufactures supply products that have been widely researched and have minimal negative effects to humans and the environment.

With the per capita consumption of chicken continuing to rise, our poultry business invested substantially in their breeder and boiler operations. We also continued to train and provide technical assistance to 2,500 poultry farmers.

We have also invested heavily in the dairy sector. Our new

state-of-the-art milk processing facility commissioned in Dambulla last year, currently produces approximately 150,000 cups of Yoghurt a day. We also manage dairy farms located in Mutuwella and Siddhapura and work closely with over 5000 out-grower farmers in the North and East. Our dream is to see the East re-established as the dairy heartland of the country and to increase the production of milk in this country.

Our herbal care business Link Natural Product's flagship brands 'Samahan' and 'Sudantha', consolidated their respective market positions this year. Link Natural through its "out grower" model works with 350 farmers who are engaged in cultivating 120 acres of herbal plants.

The Group is continually looking at ways of optimising energy and water usage and the responsible disposal of waste. In optimising the usage of natural resources, one performance indicator we use when measuring the viability of any crop in our farms is "output per litre of water". The other indicator is "output per land unit".

Next year too we will continue to safeguard our environment and community. We will continue to uphold our governing philosophy, which is to educate farmers in sustainable agriculture practices and proper use of technology, and uplift farmer communities by way of education and knowledge sharing. We will offer our customers the safest products available, manufactured by world renowned companies. We will continue to work towards ensuring food Security of the nation.

As a result of the re-strategising process undertaken during the year 2013/14 the Group continued to strengthened its consolidation in identified industry segments, namely Agriculture, Healthcare, Animal Feed, Nutrition and Ventures and progressively divest the non-core businesses.

Next year too, the Group will continue to invest in focused industry segments and build on our competitive advantage.



S.P.S. Ranatunga

Managing Director/CEO

“CIC has worked closely with nature for over 50 years and understand like few do the relationship between the environment, the people and the economy.”

Sustainability Report

Organisational Profile

We are CIC Holdings PLC, a public quoted Company with limited liability incorporated in Sri Lanka in 1964 and re-registered under the Companies Act of No.7 of 2007 on 21st November 2007. Our headquarters are at CIC House, 199, Kew Road Colombo 2.

The products and services offered by key entities of our Company as well as the markets to which we export and types of customers we serve are presented below:

CIC Holdings	Link Natural	CIC Agri Businesses Group	CIC Feeds Group	Chemanex	CISCO
Brands under our Crop Solution business include Solito and Virtako. Pharmaceutical products we carry include Sita, Betaserc and Duphaston, while neutraceuticals include Ensure Glucerna and Pediasure . We are also the local agent for the Surgical appliances of DepuySynthes. Oppo and Smith and Nephew -Advanced Wound care. Our consumer brands include writing instruments Platignum and Cial and personal care products Johnson's Baby . Industrial inputs offered by us include Chemifix Adhesive and Nalco water treatment products. All products are marketed island-wide in Sri Lanka	Link Samahan, Link Sudantha Link Kesha, Samahan Balm, Muscle Guard, SwasthaThripala, Five Herbs, Link Hair Care Cool, Gotukola Tea and Earth Essence are some of the products manufactured and retailed by Link Natural Products as part of their herbal health and personal care ranges. The company's products are exported to several countries from across all continents, including the UK, USA, UAE, Europe, East Asia, South America, and India.	CIC Agri Businesses Group's main brands are CIC Pohora, CIC Seeds, CIC Rice, Juiceez, Fresheez, and CIC Yoghurt. The main products the Group deals with are fertilizer, seeds, rice, poultry products, and milk based products. We also provide advisory services. Our products and services are mainly sold in Sri Lanka, but we do export to countries such as USA, Canada, and Australia. The main beneficiaries of these products and services are the farmers , plantations and retail consumers.	The Feeds Group has invested in brands such as CIC Feeds, CIC Day Old Chicks and CIC Chicken. The Group also represents international brands in the veterinary medicine sector. The Group deals with products that fall under the category of animal feed, day old chicks, chicken, veterinary medicine, vaccines etc. Our services also encompass veterinary and technical aspects. Our operations are within Sri Lanka and we cater to small and medium scale livestock farmers, retail outlets, supermarkets, hotels, veterinarians, and pet owners	The current main brands in Chemanex Group's portfolio are Stop Brake Oil, NexoBleech, Menara Hosen and Panorama. Our product categories include specialty chemicals and additives, break oil, bleaching agents, yarn sizing chemicals, seamless knitted gloves & liners, The Group exports mainly to Europe, the Middle East, Africa, Asia, Australia and New Zealand. Customers are all in the B2B category	CISCO manufactures PET bottles and bottle caps. Customers are in the B2B category, and are all locally based. CISCO operates solely within Sri Lanka

As reported last year, due to the area surrounding the Crop Protection Chemicals Repacking Centre in Piliyandala becoming residential, a decision was taken to shift the repacking operations to Panagoda. This shift was completed during the reporting period and operations commenced in their new location.

In addition, our new state-of-the-art milk processing facility commissioned in Dambulla last year for the production of yoghurt, became fully operational during the year under review. This increase in operations is reflected in the performance of CIC Agri Businesses, particularly in terms of increased energy consumption.

Beyond this, there have been no other changes reported in terms of share capital structure, and no significant changes in the nature and structure of the supply chain.

Scale of the Company

The scale of the CIC Group is reflected by the number of employees which to date stands at 1,952 employees across the Group. In addition, the CIC Group consists of 26 number of operations, including 10 within the CIC Agri Businesses Group, and 4 within the CIC Feeds Group. Net sales/ net revenues for the year were Rs. 23.87 Bn.

Information presented below on the employment numbers of CIC Holdings, Link Natural, CIC Agri Businesses, CIC Feeds, Chemanex, and CISCO, provide further insight into the scale of the organisation:

Total Employees by Employment Type and Contract						
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanex	CISCO
Full-time employees	446	501	529	233	143	28
Part-time employees	-	-	-	-	-	-
Outsourced employees	234	150	-	301	26	87
Total	680	651	529	534	169	115
Permanent employees	423	493	426	227	99	28
Fixed term/ contract employees	23	8	103	6	44	-
Outsourced employees	234	150	-	301	26	87
Total	680	651	529	534	169	115
Total Employees by Region						
Central Province	40	32	57	-	-	-
Eastern Province	20	10	19	-	-	-
North Central Province	36	8	185	-	--	-
Northern Province	16	7	-	-	-	-
North Western Province	17	31	55	-	-	-
Sabaragamuwa Province	19	31	9	-	-	-
Southern Province	34	29	13	-	-	-
Uva Province	4	11	15	-	-	-
Western Province	494	492	176	534	169	115
Total	680	651	529	534	169	115

The majority of the Company's work is performed by workers who are legally recognised as full-time employees of the Group, or who are supervised contract workers, as can be seen in the table above.

Despite having operations in the agricultural industry, which is typically seasonal by nature, there is no significant variation in the employment numbers of the Group within the year.

Of the total employees within the CIC Group, approximately 4 % are covered by collective bargaining agreements.

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Our Supply Chain

The smooth running of the supply chain is essential to the Group, because the continuity of the different businesses in the Group are dependent on it.

Potential suppliers both local and foreign are assessed for the quality and safety of their products, cost, reliability of delivery, reputation credit terms, minimum order quantities and lead times. Once selected, supplier agreements are entered into and the supply of goods and services begin. In order to ensure business continuity more than one supplier is identified for a given product and service. Periodic assessments are carried out by business heads/operation heads to evaluate supplier performance. If performance is not satisfactory and performance cannot be improved by further negotiations the supplier is changed.

The supply chain starts with manufacturers of either raw materials for manufacturing businesses or finished goods and packing material. Labour suppliers provide outsourced labourers for certain manufacturing operations. Once the goods are ready for sale transport suppliers provide transportation facilities to wholesaler, distributor warehouses and to retail supermarket and shops. Labour suppliers provide some outsourced labour for product promotion activities.

CIC and the Precautionary Principle

The “precautionary principle” is a notion which supports taking protective action before there is complete scientific proof of a risk; that is, action should not be delayed simply because full scientific information is lacking. Being in the

food, poultry and healthcare industries we follow the precautionary approach very strictly. If there is an indication of disease to our poultry, the entire flock is culled. If there is the slightest doubt of contamination to our food products i.e. rice and yoghurt all batches are recalled and destroyed. No drug or device can be imported to this country unless approval is obtained by the Cosmetics Drugs and Devices Authority of Sri Lanka. Even so, in the event a contamination or product defect is suspected or identified in a batch imported subsequently, all stocks are recalled and destroyed. In the Crop Protection chemicals industry, every imported consignment is tested (ROP for Crop protection chemicals, National Fertilizer Secretariat for fertilizer). If any of these samples fail to pass the quality assurance test, the entire consignment is shipped back to the supplier in the Crop Protection chemicals industry, all chemicals are recalled 3 months before their expiry date. In the crop Protection chemical and industrial chemical industries too if a product defect is suspected all batches are recalled.

Involvement in external initiatives and organisations

CIC upholds values and principles as per international charters. To this effect, CIC respects the United Nations Universal Declaration of Human Rights and supports the Principles of the UN Global Compact.

In addition, CIC and its subsidiary companies are involved in industry associations operating in Sri Lanka, as follows:

	Company					
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanex	CISCO
Associations in which the Company holds a position on the Board	Corporate: • Ceylon Chamber of Commerce – Vice President Healthcare: None Crop Solutions: • CropLife Sri Lanka – Chairman • Department of Agribusiness Management, Faculty of Agriculture, Sabaragamuwa University of Sri Lanka – Board member	• Exporters' Association of Sri Lanka – Vice Chairman	• National Agri Business Council – Secretary • CSR Lanka – Board member	None	None	None

Company						
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanax	CISCO
Associations in which the Company participates as a member	<p>Operator:</p> <ul style="list-style-type: none"> • National Chamber of Commerce <p>Healthcare:</p> <ul style="list-style-type: none"> • Ceylon Chamber of Commerce • Sri Lanka Pharmaceutical Manufacturing Association • Sri Lanka Pharmaceutical Importers Association <p>Crop Solutions:</p> <ul style="list-style-type: none"> • CropLife Asia • National Toxicological Association • National Agribusiness Council • National Research Council & Department of Agriculture • National Apprentice and Industrial Training Authority 	<ul style="list-style-type: none"> • Ceylon Chamber of Commerce • International Federation of Essential Oils and Aroma Traders • Export Development Board • The National Chamber of Exporters of Sri Lanka • The Spice Council of Sri Lanka • International Chamber of Commerce of Sri Lanka • The Ceylon National Chamber of Industries • Industrial Technology Institute • Sri Lanka Association of Testing Laboratories • Sri Lanka Association for the Advancement of Science • Royal Society of Chemistry • International Chamber of Commerce - Sri Lanka • Sri Lanka Australia - New Zealand Business Community • Perfumer & Flavorist • British Herbal Medicine Association 	<ul style="list-style-type: none"> • Ceylon Chamber of Commerce • National Chamber of Industries 	<ul style="list-style-type: none"> • Ceylon Chamber of Commerce • National Chamber of Commerce • Sri Lanka Poultry Forum • Sri Lanka Poultry Producers Association • World Poultry Science – Sri Lanka 	<ul style="list-style-type: none"> • Ceylon Chamber of Commerce • National Chamber of Commerce • Ceylon National Chamber of Industries • National Chamber of Exporters of Sri Lanka • United Nations Global Compact • Sri Lanka Institute of Directors • Sri Lanka Institute of Packaging • Plastic & Rubber Institute • Exporter's Association of Sri Lanka • Sri Lanka-Germany Business Council • Sri Lanka-Malaysia Business Council • Sri Lanka-Nordic Business Council • Sri Lanka-China Business Council 	None

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Identified Material Aspects and Boundaries

All entities included in the Company's consolidated financial statements can be found listed on page 130 of this Annual Report. Of this list, our subsidiaries CIC Cropguard (Pvt) Ltd, Crop Management Services (Pvt) Ltd, Colombo Industrial Agencies Limited, and CIC Lifesciences Limited, as well as our associate company Akzo Nobel Paints Lanka (Pvt) Ltd are not covered by this Sustainability Report.

Steps will be taken to include these entities in future sustainability reports of CIC Holdings PLC.

In determining aspects to be included within the scope of this report, CIC analysed the full list of aspects as set out in the GRI G4 Guidelines against the activities of each key subsidiary of the Company, as well as against the activities of the Holding company itself, taking into account areas where the Group entities could cause significant actual or potential impacts. Having undertaken this exercise at Group level, the Company then went on to hold discussions with key representatives from each subsidiary in order to validate the identified aspects. Through this process, material aspects were determined for each key entity of the Group, and aspect boundaries were determined as highlighted below.

When analysing and identifying aspects to be reported, CIC also took into account aspects that have been addressed previously through its sustainability reports. In addition, discussions around each aspect also took into account the extent to which stakeholders are affected by each entity's impacts, as well as the aspects that would be most salient to report from the point of view of the Company's key stakeholder groups.

Discussions also took into account the wider context of sustainability. For example, the use of agro and crop protection chemicals is linked either directly or indirectly to chronic kidney disease which is prevalent in the North Central Provinces of Sri Lanka, while the manufacture of PET bottles contributes to waste generated by both businesses and households.

The Company strives to make its reporting process as complete as possible, but recognises that some gaps may still prevail, particularly with regards to those entities who have been brought into the reporting process more recently.

The identified material aspects and corresponding aspect boundaries are as follows:

		CIC Holdings	CIC Agri	CIC Feeds	Chemanex	Link Natural	Cisco
Categories	Aspects	Materiality and Aspect Boundary					
Economic							
	Economic performance	√	√	√	√	√	√
	Market presence	√	√	√	√	√	√
	Indirect economic impacts	√	√	√	√	√	√
	Procurement practices	√	√	√	√	√	√
Environmental							
	Materials			√	√	√	√
	Energy	√	√	√	√	√	√
	Water	√	√	√	√	√	√
	Biodiversity	√	√			√	
	Emissions				√		
	Effluents and waste	√	√	√	√	√	√
	Products and services	√	√	√		√	√
	Transport	√	√	√	√	√	√
	Supplier environmental assessment	√	√				

		CIC Holdings	CIC Agri	CIC Feeds	Chemanax	Link Natural	Cisco
Categories	Aspects	Materiality and Aspect Boundary					
Labour Practices and Decent Work							
	Employment	√	√	√	√	√	√
	Occupational health and safety	√	√	√	√	√	√
	Training and education	√	√	√	√	√	√
	Diversity and equal opportunity	√	√	√	√	√	√
	Labour practices grievance mechanisms	√	√	√	√	√	√
Human Rights							
	Non discrimination	√	√	√	√	√	√
	Freedom of association and collective bargaining	√	√	√	√	√	√
	Child labour		√			√	
	Supplier human rights assessment		√			√	
Society							
	Local communities	√	√	√	√	√	√
	Compliance	√	√	√	√	√	√
Product Responsibility							
	Customer health and safety	√	√	√		√	√
	Product and service labeling	√	√	√	√	√	√
	Marketing communications		√	√		√	
	Compliance	√	√	√	√	√	√

Some limitations regarding aspect boundaries do exist within the Company as there are some entities of the business that have not yet been included in the reporting process, as described previously. In addition, at this stage materiality has only been determined for within the Company and not outside of the Company. For all identified aspects however,

it is deemed that that the aspect is material for the entire geographical boundary of each entity to which it is relevant.

One significant change in the overall boundary of this report in comparison to previous reports of CIC, is the inclusion of CISCO into this year's reporting process.

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Stakeholder Engagement

At CIC, we maintain a constant and fruitful dialogue with our key stakeholders, namely customers, employees, shareholders, suppliers, the Government and the communities in our various areas of operation.

These groups are considered to be our most important stakeholders and are continually engaged with according to the rationale described below:

Stakeholder Group	Importance to the Group	Methods of Engagement	Areas discussed through Engagement
Customers	They are the focus of our business	<ul style="list-style-type: none"> • Regular customer visits • Technical training sessions and on-going technical advice • Educational programs • Partner development programs – e.g. educating farmers on financial literacy 	<ul style="list-style-type: none"> • Continuous dialogue to improve product quality and widen application • Supply goods that fulfil the requirements of the customer at affordable prices • Dialogue and training on correct use of fertilizers and use and safe disposal of chemicals through the agriculture, crop protection and industrial chemicals divisions • As a result of feedback from our customers, an informative website has been established for rural farmers, in order to spread knowledge of agriculture of common crops, management practises and pest and disease control. www.navagoviya.org can be accessed in both Sinhala and Tamil.
Employees	Employees drive Company strategy and are our most valuable asset	<p>Annual performance reviews</p> <ul style="list-style-type: none"> • Employee Opinion Surveys done once every two years • In house newsletters • Formal and informal team building sessions • Informal gatherings in the form of picnics, christmas parties, etc. • Monthly meetings, reviews, etc. • An open door policy is maintained so that staff can share their concerns with the relevant parties at any time 	<ul style="list-style-type: none"> • Constant engagement in order to develop skills and

Stakeholder Group	Importance to the Group	Methods of Engagement	Areas discussed through Engagement
Shareholders	Shareholders are the owners of the company and provide equity	<ul style="list-style-type: none"> • Annual General Meetings • Extraordinary General Meetings 	<ul style="list-style-type: none"> • Shareholders are kept informed of the progress of the company through the AGM. Shareholders also get an opportunity to raise concerns and get clarification of issues concerning them
Suppliers	Our supply chain is integral to our operations and our suppliers help us keep the customer happy with reliable products available at the right time, at the expected levels of quality	<ul style="list-style-type: none"> • Regular supplier visits both local and foreign to their offices and factories • Inviting suppliers to visit our premises in return 	<ul style="list-style-type: none"> • Suppliers are informed of changes in regulations and their support is sought in order to confirm to the requirements • Constant dialogue, particularly with agro chemicals, industrial chemicals, and pharmaceuticals suppliers, to ensure product quality and safety • Out-grower farmers are provided with training and knowledge sharing opportunities • Better terms and conditions are negotiated
Government/ Regulators	The Government and other regulators are the implementers of policy and regulation, which can impact our strategy formulation and business operations	<ul style="list-style-type: none"> • Advising the Government on agricultural and livestock policy setting • Meeting with Government officials as the need arises - on community investment activities, utilisation of state land, taxes, subsidies, national issues such as ground water contamination etc. • Sharing world trends and knowledge with regulators 	<ul style="list-style-type: none"> • On-going discussions on the increased regulation and tightening of the registration process for crop protection chemicals • Discussion on price controls as and when required • CIC is present on Advisory Boards on agriculture and livestock policy

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Stakeholder Group	Importance to the Group	Methods of Engagement	Areas discussed through Engagement
Local Communities	Local communities are the wider population whose lives we impact through our operations	<ul style="list-style-type: none"> • Regular dialogue is undertaken with these parties • Regular educational focus on agriculture to provide exposure to farmers • Internship programs for students in our factories and farms • Community investment activities • Providing employment opportunities – through direct employment as well as through our out-grower programs 	<ul style="list-style-type: none"> • CIC recruits staff as far as possible from the environs of the company operations to ensure adequate infusion of local knowledge and culture • CIC engages in numerous community development activities • We are also involved in raising the financial literacy of farmers

Report Profile

CIC continues to follow an annual reporting cycle in its sustainability reporting efforts. The reporting period for this report is therefore the fiscal year 1st April 2014 till 31st March 2015. The most recent previous report for the period 1st April 2013 – 31st March 2014 was published in June 2014. Up to date, CIC has not sought external assurance for its reporting process. External assurance of the reporting process and content will be pursued in the coming years.

This year's Sustainability Report incorporates elements of the G4 reporting principles introduced by the Global Reporting Initiative (GRI) in their Sustainability Reporting Guidelines. We are working towards making our Sustainability Report fully G4 compliant in the coming year. As such, this year's report includes a merger of elements of the GRI G4 Guidelines in accordance with the Core level of reporting, as well as GRI G3.1 at application level C.

There are no restatements of information provided in previous reports of CIC Holdings PLC. However a significant change from the previous report of the Company is the effort to align this report with the GRI G4 Guidelines, and the more specific assignment of aspect boundaries, as set out by the new reporting Guidelines.

Any questions regarding the report or its content could be directed to:

Ms. P.D.S. Ruwanpura
Group Chief Financial Officer
CIC Holdings PLC
199, Kew Road, Colombo 2
Tel: 2359359

Governance

Details with regards to CIC Holdings PLC's governance systems and processes are addressed in the chapter titled Enterprise Governance on page xxx within this Annual Report. This chapter addresses the Company's governance structure and composition of the Board as well as the committees responsible for specific functions. Currently there is no specific committee established that is responsible for decision making on economic, environmental or social impacts. However, the Board of Directors takes a keen interest in this area and overlooks these aspects at an overall level.

Also presented through the Enterprise Governance chapter, are details with regards to relationships with shareholders and other stakeholders and mechanisms for stakeholders to provide recommendations to the Board, as well as other pertinent information which enables the reader to assess the foundations upon which the Company operates.

Ethics and Integrity

CIC Holding's vision, mission, and values are described on page xxx of this annual report. While these values cascade across the group, each subsidiary also has its own codes of conduct or ethics providing employees with guidance on how they should behave in order to work in line with the Company's values.

Specific Standard Disclosures

Category – Economic

Economic Performance

CIC believes in value generation and its distributions amongst the widest possible cross section of the stakeholder community.

We are fully aware of our responsibility to monitor and govern the economic impact of our activities across the three pillars of sustainability – economy, society, and environment.

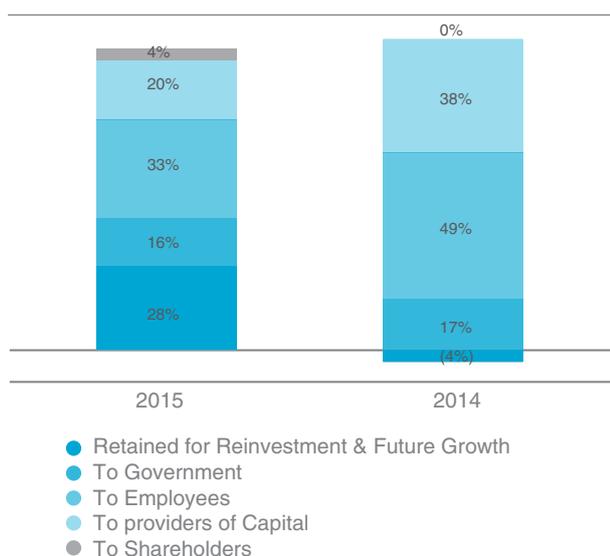
The chart below depicts the economic value generated by CIC Group during the year under review.

Value added statement

	2014/15 Rs '000	%	2013/14 Rs '000	%
Revenue	23,868,737		23,238,142	
Adjustment for-				
Other income and finance income	212,284		635,348	
Share of profits of equity accounted investees	207,636		270,071	
Less : Cost of material & services purchase	(19,069,497)		(20,568,897)	
Total Value Added	5,219,160		3,574,664	
Distributed as follows:				
To employees -				
Salaries,wages & other benefits	1,737,270	33.29	1,742,792	48.75
To Government				
Value Added Tax	434,827		386,524	
Income Tax & ESC	251,733		77,601	
NBT	141,940		148,433	
Stamp duty	1,843	15.91	1,974	17.19
To the providers of capital -				
As interest on Loan	745,886	14.29	1,502,344	42.03
As non controlling interest	278,916	5.34	(155,126)	(4.34)
To shareholders as a dividend	189,540	3.63	-	-
Donation and community Investments	3,743	0.07	5,938	0.17
Retained within the Business				
As Depreciation and impairment	671,535	12.87	835,897	23.38
As Reserves	761,927	14.60	(971,713)	(27.18)
Total Value Distributed	5,219,160	100.00	3,574,664	100.00

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Value Addition



“The Company is committed to paying our employees a fair and reasonable wage and the wages paid are above the industry minimum.”

Employees' Benefit Plan

CIC Holdings PLC and companies within the Group contribute 12% of gross salary towards the Mercantile Service Provident Society (MSPS) Fund, or towards the Employees' Provident Fund (EPF). All companies covered by this report also contribute 3% of gross salary towards the Employees' Trust Fund (ETF)

The retirement benefit obligation that is reflected in the Statement of Financial Position is calculated annually by a qualified actuary according to SLAS 16 stipulations.

Provision for retirement benefit obligation is computed from the first year of service for all employees. But under the payment of gratuity Act No 12 of 1983, the liability to an employee arises only on completion of 5 years of continued service.

Expenses (Rs '000)	2014/15	2013/14
EPF/MSPS (12%)	123,008	121,215
ETF (3%)	30,752	30,235
Gratuity	102,034	94,794
Retirement Benefit Obligations	2014/15	2013/14
Opening Balance	522,688	472,140
Disposal of Subsidiary	(1,012)	(5,702)
Classified as Held for Sale	-	7,718
Provision for the Year	93,089	96,066
Benefits paid by the Plan	(48,832)	(32,098)
Closing Balance	565,933	(522,588)

Significant Financial Assistance Received From the Government

No reporting entity has received financial assistance from the Government.

Though CIC Feeds have not received any specific Government Assistance during the year under review, Government policies on the industry have impacted indirectly for the betterment of the business. For instance, imposing restrictions on the importation of processed chicken and eggs helps to safeguard the industry by restricting unsafe cheap products coming into the market and also preventing the possible infiltration of poultry diseases. In addition zero duty granted on the importation of hatchery and poultry equipment encourages large-scale investors in the industry to expand and upgrade their operations consequently improving the stability of the industry.

Market Presence

The Company is committed to paying our employees a fair and reasonable wage and the wages paid are above the industry minimum. Further no wage discrepancies are made based on gender.

For technical, professional and senior management positions priority is given to those with the required ability and qualifications. For lower levels whilst skills are important, close proximity to the work place is considered an advantage and local hiring is encouraged.

Comparative Entry Level Wage Structures

At CIC Feeds the company maintained a fair and reasonable entry level wage for each category of employees when compared to the generally acceptable industry standards. Our entry level staff is entitled to a wage which is around 8%-15% above the industry average. Similar jobs across the organisation benefit equally, whereas different wage levels are maintained for different levels. The physical work environment and the nature of the job are not unique. Therefore entry level wages may differ by considering the above factors.

Every financial year the company review employee benefits by taking in to consideration factors such as; cost of living, government statutory requirements, similar and different industry standards. Entry level employees also enjoy most of the benefits which are provided for the other job categories such as accommodation, over time benefit, meal and transport. Once they are permanent employees get they will get all the benefits which provided for the permanent employees for instance comprehensive medical insurance cover for the member and the immediate family, which includes hospitalisation and OPD treatments, Un-utilised leave encashment for non-executive staff, annual bonus and uniforms.

At Chemanex the standard entry level salaries are based on the minimum salary standards set by the BOI of Sri Lanka for BOI approved companies & as per the Shop & Office Act No.19 of 1954 for the rest of the companies. The ratio of basic salary and remuneration of women and men at all locations of operations is 1.1.

The following benefits are provided to the fulltime employees of Chemanex: reimbursement of education expenses at selected streams, reimbursement of medical and healthcare expenses, financial assistance to the employees and close family members' memorial service and loan schemes at subsidised interest rates to the staff members for selected purposes.

At CISCO workers are out-sourced from two registered labour outsourcing companies. Minimum wages are governed by rubber & plastic wages board. Salary increments are given every year depending on performance displayed in 4 aspects of work, i.e. knowledge, obedience, cooperation and punctuality. There is no difference in salary between male & female.

At Link Natural the Company has taken action to increase the minimum level (entry level) of wages by Rs 2,000/- with effect from 1st January 2015 and salary anomaly minimised by matching to the minimum wage limit.

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Percentage by which entry level wage exceeds national minimum wages, by gender												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Approximate Ratios (%)	47%	47%	16.7%	16.7%	15-20%	15-20%	8-15%	8 – 15%	66.7%	66.7%	0%	0%

Local Hiring

Local hiring is encouraged across the CIC Group, and the operations falling directly under the purview of CIC Holdings also practice this. Potential workers residing in the areas of operation of the Company are preferred for employment, dependent on possessing the required skills for the job in question.

At CIC Feeds, positions of technical, professional and important positions including senior managers are hired from the local community by considering their skills, competencies, capabilities, knowledge and experience. Close proximity to the location is considered as an added advantage. Company out-sources less important, highly labour intensive jobs and operates through a reputed labour supplying company and most of these employees are chosen from the local community. The entire operations of the company are based in the western province.

At present Chemanex has two locations of operations. i.e. the head office at Colombo and the production facility at Ratmalana. For all significant vacancies, advertisements are placed and employees are selected through well documented procedure. If specialised roles are required, they are filled through headhunting or referral. All senior managers at present are locally hired from Sri Lanka.

At CISCO internal promotions are encouraged.

At Link Natural, as a common practice we publish job advertisements in local newspapers & web sites giving the priority to local residents and if required we seek the service of domestic recruitment companies to attract the best talents from Sri Lankans.

Indirect Economic Impacts

The Company believes that it can give back to the society and the community in which it operates by way of infrastructure investment. Whilst investing in varied community need projects, the company gives preference to investing in education. This is because we believe that education and knowledge will help raise the standards of living in rural communities, in which we predominantly operate. Also it is from these communities that our future farmers, out-growers and employees will emerge.

The Company is committed to invest in education related community investments. Hence the company identifies where the need is greatest and where most relevant to the community in which it operates and commits to invest in that particular activity.

Within the year under review, CIC Feeds and Link Natural were involved in infrastructure development activities in their areas of operation, which would have significant indirect economic as well as social impacts.

CIC Feeds donated towards the uplifting of facilities at a school, while the Company was also involved in the renovation of a Church.

Link Natural was involved in infrastructure development in the education and health sector. The Company undertook the renovation of the children's ward at the Dompe District Hospital, and also renovated the school dental clinic at the Galenbindunuwewa Model Primary School, both of which have benefited number of children per year.

In addition, Link Natural was also involved in setting up a drinking water system which has benefited a large number of families in the area.

Procurement Practices

The policy of the Group is to source high quality material/ supplies. Whilst preference is given to local suppliers, in order to maintain the high standards of quality required, where necessary, supplies are imported from reputed reliable international suppliers.

Policy, practices, and proportion of spending on locally-based suppliers

For CIC Agri Businesses, the main factors that influence local purchasing are cost, easy access to perform quality checks and on-time delivery. Purchase of milk for milk based products and paddy for rice are 100% from local out-grower farmers.

At CIC Feeds as a common practice the organisation gives priority to local raw material suppliers and service providers whilst ensuring that the quality standards of our products are not compromised. This is applicable for all the operations within the Group. Corn, rice polish and wheat midds are the main ingredients that are commercially available in the local market. Around 70% of raw materials used for animal feed production are purchased locally. Further, the raw material requirement in the production of chicken such as feeds, DOCs and vaccines are sourced within the Feeds Group other than for the packing material.

However, when the company is making decisions with regards to technology and technology based solutions, the deciding factor will be the best or optimum solution rather than whether it is sourced locally or imported.

Reliability and credibility of the supplier, trustworthiness, future potential, cost of the supplies, transportation cost, quality parameters, environmental and social performance, technical soundness, and supplier's financial stability are the main factors considered when selecting a supplier.

At Chemanex, the general practice of the company is to procure goods and services to meet our requirements and standards at the lowest available price.

At CISCO our main material (PET resin) are imported from India, China and Pakistan. There are no local producers for resin. Packing material, polybags, and gum tapes are purchased from local suppliers, which is around 20% of total material used. Our policy is to have more than three suppliers for each material. Quality is predetermined & every delivery is checked for quality. Supplier factories are visited every year to monitor their operations.

At Link Natural, the important facts that we look into in a supplier are reliability, value for money, clear communication, delivery on time, and financial security. The company is sourcing materials from herbal cultivations in the Dompe area, and we also work with out-grower farmers to source the necessary ingredients.



Medical Camp in Makola

Sustainability Report

	Local Procurement					
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanex	CISCO
Proportion of spending on locally based suppliers (%)	14%	70%	15%	61%	48%	20%

Category – Environmental

CIC believes that the environment is an integral ‘pillar’ of sustainability and CIC acknowledges the absolute necessity to manage both the use of resources as well as the impact our business may exert on the environment. To this end, the Ratmalana factory and the Repacking Center of CIC Holdings, as well as Link Natural, have environmental management systems in place that are certified to ISO14001:2004 standards.

Material Usage

At Chemanex the total input materials used by the Group during 2014/2015 is 4,403 Mts, which is a 7% reduction compared to the 2013/2014 period. The main reason for this decrease is the reduced level of operations of Yasui Lanka (Pvt) Ltd, which is one of the subsidiaries of Chemanex Group.

At CISCO, PET Resin is used as a raw material which is a by-product of oil. For packaging, polybags are used which is an oil based product too. There are no local manufacturers for PET resin, and resins are imported from India, China and Pakistan. Prices change in line with international oil prices. Resin count 80% of total material cost.

Use of Recycled Input Materials

At CIC Feeds, 20% of chicken processing waste is recycled and used as a raw material in the feed manufacturing process. At Chemanex too, 1% of the total input materials are recycled input materials.

At CISCO, 10% of initial rejects are crushed and reused, though market returns are not recycled. Initial rejects of bottles are crushed on the same day and 10% of this recycled material is mixed with virgin material and reused for production.

At Link Natural too, approximately 1.5% of input material is recycled.

Energy Consumption

The Company believes in the efficient use of energy. We are committed to reduce energy consumption where possible, and optimise it elsewhere. Renewable energy sources are used where possible.

The Head Office of CIC Holdings is in the process of implementing recommendations made through an energy saving audit that was done in late 2013. The Company also monitors electricity consumption on a daily basis, in order to take further action in terms of reducing usage.

At the Ekala stores, employees are briefed daily on the importance of conserving energy, and on minimal wastage of resources. Energy efficient lighting has been installed to reduce electricity consumption. Similarly at the repacking center, LED bulbs have been installed in order to conserve energy. Boilers are also regularly checked and adjusted for maximum efficiency in terms of fuel usage.

CIC Agri Businesses is currently in the process of changing all electrical light fixtures to LED, which would significantly reduce the consumption of energy by the Company. In addition, CIC Agri Businesses uses paddy husks, which is a waste material of its production process, as a source of fuel in its boilers. However, the significant increase in energy consumption within this reporting period in comparison to the previous reporting period can be attributed to the fact that the Yoghurt Plant in Dambulla became fully operational during the year under review.

At CIC Feeds, petrol is used to operate mist blowers, grass cutters, and egg vans, while diesel is used to operate generators and to operate vehicles including forklifts, feed lorries, tractors etc. Furnace oil is used for boiler operations

and LP gas is used at the breeder farm and poultry farm to fumigate the cages and to operate heaters.

According to the energy audit done with the supervision of an outside firm, Feeds is now operating as per the recommendations of that audit to reduce energy consumption in all locations of operation. Feeds is also taking steps to replace old machinery with new more efficient and low energy consuming machinery in breeder and hatchery farms.

Chemanex is not subject to any country, regional, or industry regulations and policies for energy. However, an Energy Committee has been established at Chemanex to observe and initiate all possible energy conservation measures. This committee meets once a month or more frequently as the need arises. Additionally, energy consumption is one of the main discussion topics at the Monthly Factory Meetings. Some initiatives taken as a result of these meetings are

switching off of lights and fans during lunch time, the use of transparent roofing sheets and the use of low power consuming lamps in the Ratmalana factory premises.

For CISCO too, there are no industry regulations or policies with regards to energy. CISCO is aware of the high impact it has on energy as a result of its operations, as the production machines are operated 24 hours a day.

At Link Natural, steam and electricity are the main sources of energy for the factory. The bio fuel steam boiler in place at Link Natural is an environmentally friendly method of generating energy. At Link Natural, the installation of new machinery and process improvements, for example improvements to the extraction process and particle size reduction process, as well as upgrading the utility systems such as the steam distribution system, result in the conservation of energy.

Energy Consumed						
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanex	CISCO
Petrol use (litres)	416	1,150	53,310	4,179	50,717	600
Diesel use (litres)	11,703	4,419	259,965	152,578	30,586	13,200
Furnace oil used (litres)	188,571	-	39,000	408,778	-	-
Electricity consumption (kWh)	1,616,150	777,642	5,844,978	7,979,447	390,519	4,707,678
Energy consumption (Gj)	14,158.4	3,010.5	34,588	51,843.5	4,355	17,479.5

*In addition, Link Natural and CISCO also source energy from LP Gas, while Link Natural also uses biofuels and organic material to generate steam.

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Water Consumption

CIC believes in the efficient use of water. Being a predominant player in the agriculture industry we are well aware of the need to optimise the use of water. We take this very seriously and one performance indicator we use when measuring the viability of any crop in our farms is “output per litre of water”.

CIC Holdings records water usage on a daily basis and compares this with previous data on usage in order to identify areas of waste and control water consumption.

At CIC Agri Businesses, ground water is the main source of water used in all locations of operations. Of the water utilised, approximately 20% of treated waste water is recycled for gardening purposes at the premises of the yoghurt plant in Dambulla.

At CIC Feeds, all farms and plants use a combination of water from municipal pipelines, tube wells, and dug wells for the normal course of operations. The waste water treatment plant at the processing plant of CIC Feeds treats all water which goes out from the processing area.

At Chemanex, municipal water is used, and therefore natural water sources in the surrounding areas are not affected. Also

at present, the Company does not require large quantities of water for day to day operations. There is also no release of waste water to the environment.

The total water consumption in the financial year 2014/2015 was 6,136 m³ whereas last year it was 11,178 m³, which is a 45 % decrease in water consumption. This is mainly due to reduced level of operations at Yasui lanka (Pvt) Ltd and the closure of the CSD unit (stores complex run on behalf of an associate company) in the Ratmalana factory premises.

CISCO also only uses municipal water, which is purified internally for daily drinking purposes. At CISCO only 20% of total water consumption is used for the machines, which is then totally reused through the chiller system. As a result there is no waste water from the machines released into the environment.

At Link Natural, approximately 96% of water required is taken from a well which is maintained by the company, located close to the factory, and the remaining 4% is obtained from municipal sources as well as from rain water. Approximately 15% of treated waste water is reused for gardening purposes and for the plant nursery.

Water withdrawn and reused						
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanex	CISCO
Volume of water withdrawn for use (m ³)	21,692	22,442	11,874,556	113,403	6,541	5,400
Percentage of water recycled or reused (%)	0.1%	15%	2%	20%	0	10%

Biodiversity

CIC's policy across all its businesses is to ensure that at every juncture, the biodiversity found within the habitat we share with others, is nourished and protected.

We strive to ensure that our operations do not harm or upset the delicate balance of Sri Lanka's biodiversity, and in fact we promote its well-being, particularly across the eco- systems

prevalent on our farms where we employ green zones to help them thrive.

CIC Holdings PLC does not own or have any interests in property within or adjacent to any areas of sensitivity in terms of biodiversity. However, CIC Agri Businesses' farm at Hingurakgoda is a heaven for the resident spotted deer population of Sri Lanka.

As a responsible corporate citizen CIC has taken on a national biodiversity concern and is funding the study of Sloth Bears in the Wilpattu National Park. CIC Holdings is conducting this study in partnership with the Sri Lanka Business and Biodiversity Platform and Biodiversity Education And Research (BEAR). The project is funded by CIC and implemented under the supervision of the Department of Wildlife Conservation (DWC)

Emissions

CIC is mindful of the emissions that result from its business operations and is committed to minimise their negative effect, by taking steps to reduce the amount of fossil fuels used, as well as reducing the amount energy consumed that is produced from other non-renewable sources. These efforts have been described in more detail under the Energy and Transport sections of this report.

Effluents and Waste

In addition to air emissions, CIC is also mindful of the liquid and solid substances that are emitted into the environment as a result of its business operations, in the form of effluents and waste materials. The Company takes steps to reduce these to as great an extent as possible, and to make improvements in the quality and quantity of these substances that are discharged into the environment.

Water discharge

At CIC Holdings, all waste water is treated prior to discharge, and the quality of treated water is tested on a quarterly basis. In some operations of CIC Holdings, treated water is reused.

At CIC Agri Businesses this is applicable only to the rice processing unit and the yoghurt processing unit, where effluent water is treated and discharged only after it is within the allowed BOD and COD parameters. This is a strict requirement in order to obtain the Environmental Protection License renewal each year.

At CIC Feeds waste water is treated using a biological treatment method involving bacteria. After purification, the treated water is stored for reuse.

At Chemanex a number of programs focusing primarily on waste and water management have been successfully implemented. Our product and storage sites as well as our effluent management initiatives are certified and licensed by the Central Environment Authority (CEA). The CEA also

conducts audits on a regular basis to ensure we comply with and conform to the stringent standards highlighted within the licensing process.

At Link Natural too, an aerobic effluent treatment plant functions 24 hours a day in order to treat waste water generated from the factory, canteen and office, and other operations.

Total weight of waste by type and disposal method

At the Ratmalana facilities of CIC Holdings, quantity of waste products is recorded and monitored on a monthly basis. Waste is also separated for recycling or composting. Johnson and Johnson also ensures that all waste paper is recycled by an external agency, while at the Platignum operations, waste plastic is recycled and added into the daily production process.

CIC Agri Businesses has found an innovative solution to one of its key sources of waste – paddy husks. The Company uses these husks as a source of energy in their boiler.

At CIC Feeds, most waste is organic and disposal channels are well established. In the event of any unusual situation, the management will assess the situation and decide on the proper method of disposal and obtain advice from a competent outside party or authority.

Average weight of waste per month amounts to 295,500 Kg. Accordingly, total waste up to date stands at 3,546,000 kg, which comprises of 3,382,320 kg of organic and garden waste, 153,952 kg of plastic, 1,305 kg of scrap metal and 8,423 kg of paper.

Around 72% of the organic waste includes litter from breeder farms, poultry farms and hatchery waste. This waste is sold as agricultural fertilizer to farmers who use this as an alternative organic fertilizer. The conversion is 100% of the waste produced. Another 12% of the organic waste is poultry processing waste. This is further processed into value added by-products such as render meal and poultry fat, which is used in feed production. Here also the conversion rate is 100% of waste. As a result, no residue discarded into the environment. The balance comprises of feed raw material waste and used paddy husks in the poultry cages. Around 60% of the paddy husks are collected in a network of soakage pits with zero harm to the environment.

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Empty poly propylene bags, plastic barrels, and cans which come with raw materials as packaging are considered as waste, out of which 86% is recycled, 13% reused and the remainder is discarded.

Newspaper and other paper waste is reused to the maximum extent and the balance is incinerated. Around 96% of paper is sent to the hatchery to be laid in chick boxes.

At Chemanex during 2014/15, 93% of production related waste has been recycled. The remainder is disposed of after the necessary approvals are obtained, and is disposed through a CEA authorised member.

At CISCO 10% of rejects are reused as input material along with virgin material. Other scraps are sold for recycling and waste is segregated composted where possible.

At Link Natural, the percentage of the non-hazardous vs hazardous waste is high at approximately 99.96% of total waste, and hence the impact to the environment is low. The total amount of hazardous waste is 37 kg [0.03% of total waste] and is disposed of through incineration.

Waste Generated by Type						
	CIC Holdings	Link Natural	CIC Agri Businesses	CIC Feeds	Chemanex	CISCO
Hazardous waste (kg)	-	37	-	-	-	-
Non-hazardous waste (kg)	157,660	68,140	4,217,300	3,453,379	56,058	2,300

Total Number and Volume of Significant Spills

No significant spills have been reported during the reporting period by any of the companies within the CIC Group.

Products and Services

The company is committed to supplying high quality products to its customers, but is mindful that some of its products may impact the environment in a negative manner. The Company strives to source raw materials and products from reputed suppliers, where extensive research has gone into such products to ensure that minimal damage is caused to humans and the environment.

Extent of Impact Mitigation of Environmental Impacts of Products and Services

CIC Holdings and CIC Agri Businesses produce fertilizers and crop protection chemicals, which if not properly used, could cause harm to the environment. This has become an issue of contention for the whole industry, particularly in the North Central province of Sri Lanka. CIC takes steps to combat this by educating the farming community on the proper application and disposal of these chemicals. However, overuse of such agricultural inputs by farmers remains a

principal challenge faced by the agriculture inputs industry as a whole.

CIC Feeds attempts to minimise the negative environmental impact that could occur from its packaging. As a result, packaging material used by the company for animal feed and day old chicks, is recyclable.

Chemanex has always placed emphasis on building relationships between manufacturers and users, ensuring a dialogue which could lead to a culture of continuous product improvement and development. This has led to Chemanex becoming established as a pioneer of safe, lead-free pigments and innovative products which have no negative impact on the environment.

CISCO understands the significant negative impact on the environment that is created by the disposal of its product, PET bottles, by end consumers. As a result, the Company has plans to introduce bio-degradable material to reduce the negative effects of its product on the environment. CISCO is now in the testing phase of production using bio-degradable materials and is committed to introduce this innovation in Sri Lanka in the near future.

Transport

The policy of the company is to minimise the negative environmental effects of transportation, by route planning and using new more environmental friendly, fuel efficient vehicles for transportation.

The Ekala stores of CIC Holdings ensures that goods to be transported are clubbed together into one delivery run, and that maximum vehicle space is utilised, thereby reducing the need for multiple vehicle runs. Vehicles of the Ekala stores as well as of the Ratmalana factory are also randomly checked for emissions, and are regularly maintained in order to ensure minimal impact in terms of air pollution.

At CIC Agri Businesses transport is necessary for the distribution of products as well as for the procurement of raw material. The Company has few delivery vehicles of its own, but all are maintained to the required standards by which emissions are kept to a minimum. Hired vehicles too are monitored to the best of the organisation's ability, in order to reduce the negative environmental impact.

At CIC Feeds, old vehicle fleets have been replaced with new more efficient vehicles which are low on fuel consumption, create less pollution, and require less maintenance.

CISCO's lorries are also checked and maintained periodically in order to ensure minimal emissions.

Link Natural recognises that emissions, dust, and noise are negative environmental impacts created through their transportation process. Here too, regular inspections and testing is carried out, together with regular engine maintenance. Link Natural also strives to use new vehicles throughout the transportation process to as great an extent as possible.

Supplier Environmental Assessment

The Company sources products from reputed suppliers, who provide products that have been extensively researched. As we are present in the crop protection and industrial chemical/ input industries, it is paramount that the products we supply have minimal negative effects on humans and the environment.

An Independent environment assessment/impact report issued by the United States Environmental Protection Agency

is one report among many that is submitted to the Registrar of Pesticides, when the company registers a new crop protection chemical in Sri Lanka.

Category – Social

Labour Practices and Decent Work Employment

Employees are the most important asset of the CIC Group, and the success of the Company as a whole depends on the contribution of each employee. All employment undertaken by CIC falls within the nationally established institutional and legal frameworks, and all statutorily required payments towards provident funds are made on behalf of staff. CIC strictly adheres to all labour laws of Sri Lanka including the Shop and Office Employees' Act, Factories Ordinance and Gratuity Act. The Company ensures that a safe, healthy, and decent working environment is provided for all categories of employees without any discrimination. CIC also enters into clearly defined employment relationships with its staff, with the exception of outsourced staff who are instead directly employed by third party labour contractors.

Despite outsourced workers not falling under the purview of CIC, the Company maintains a strong interest in the wellbeing of these workers. As such, if these workers were to bring any issues with the conditions of their employment to the attention of the Company, CIC would take steps to take these issues up with the labour contractors in question.

The labour turnover across the CIC Group can be taken as an indication of the satisfaction of our employees, and their commitment to continue to serve the Company. Low rates of turnover can be observed within most subsidiaries of the Group.

Where higher rates are observed, this can be attributed to structural changes that have occurred during the year under review. For example, employee turnover at CIC Agri Businesses was high during the reporting period due to the restructuring program that was carried out across the Group.

Similarly the high turnover at Chemanex during the 2014/15 period was due to the transferring of the Colombo South Depot from Chemanex's responsibility to a third party. As a result, employees who previously came under the direct payroll of Chemanex, now fall under the purview of the new operator of this part of the business.

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New Hires by Gender													
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanax		CISCO		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Number of New Hires	91	10	13	2	-	-	9	3	2	-	-	-	
Rate of New Hires	20%	2%	2.6%	0.3%	-	-	3.8%	1.2%	1.4%	-	-	-	

New Hires by Age Group													
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanax		CISCO		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Under 30 years	49	11%	15	2.9%	-	-	9	3.8%	2	1.4%	-	-	
30 – 49 years	44	10%	-	-	-	-	1	0.4%	-	-	-	-	
50 years and above	8	1%	-	-	-	-	2	0.8%	-	-	-	-	

New Hires by Region													
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanax		CISCO		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Central Province	6	1.25%	1	0.18%	-	-	-	-	-	-	-	-	
Eastern Province	5	1.1%	-	-	-	-	-	-	-	-	-	-	
North Central Province	7	1.5%	1	0.18%	-	-	-	-	-	-	-	-	
Northern Province	6	1.25%	1	0.18%	-	-	-	-	-	-	-	-	
North Western Province	3	0.65%	1	0.18%	-	-	-	-	-	-	-	-	
Sabaragamuwa Province	5	1.1%	1	0.18%	-	-	-	-	-	-	-	-	
Southern Province	8	1.75%	-	-	-	-	-	-	-	-	-	-	
Uva Province	1	0.4%	-	-	-	-	-	-	-	-	-	-	
Western Province	60	13%	10	2%	-	-	12	5%	2	1.4%	-	-	

Employee Turnover by Gender													
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO		
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	
Turnover (No.)	59	11	5	1	125	5	11	5	34	3	-	-	
Turnover Rate (%)	12.9%	2.4%	1%	0.2%	23.6%	0.9%	4.7%	2.1%	23.7%	2.1%	-	-	
Total Turnover Rate (%)	15.3%		1.2%		24.5%		6.8%		24.5%		-		

Employee Turnover by Age Group													
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Under 30 years	22	4.8%	3	0.6%	80	15%	11	4.7%	6	4.1%	-	-	
30 – 49 years	36	7.9%	3	0.6%	42	8%	3	1.3%	20	14%	-	-	
50 years and above	12	2.6%	-	-	8	1.5%	2	0.8%	11	7.7%	-	-	

Employee Turnover by Region													
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO		
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	
Central Province	4	0.9%	1	0.2%	26	5%	-	-	-	-	-	-	
Eastern Province	1	0.2%	-	-	5	0.9%	-	-	-	-	-	-	
North Central Province	4	0.9%	1	0.2%	14	2.7%	-	-	-	-	-	-	
Northern Province	1	0.2%	-	-	11	2%	-	-	-	-	-	-	
North Western Province	1	0.2%	1	0.2%	14	2.7%	-	-	-	-	-	-	
Sabaragamuwa Province	2	0.4%	-	-	15	2.8%	-	-	-	-	-	-	
Southern Province	4	0.9%	-	-	7	1.3%	-	-	-	-	-	-	
Uva Province	53	11.6%	-	-	5	0.9%	-	-	-	-	-	-	
Western Province	-	-	3	0.6%	33	6.2%	16	6.8%	37	25.8%	-	-	

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Health and Safety

Health and safety in general and occupational health and safety in particular are a key priority across the CIC Group. Across the Group, senior level staff are appointed, who are responsible for managing this area within each company.

All staff across the Group are exposed to annual fire drills while staff working in factories, repacking centers and similar operations are also exposed to annual first aid training. In addition, staff working in operations that could be considered to be potentially hazardous, are trained on the health and safety aspects related to their job at the time of recruitment and on a regular basis thereafter. All staff across the Group are also entitled to annual health checks at a predetermined medical center contracted by the Company. The Repacking Centre of CIC Holdings is also currently in the process of implementing OHSAS 18001:2007 for further stringency in their health and safety management systems.

CIC as a Group also took on the challenge of combatting diabetes within the year under review. In November 2014, an extensive awareness program was conducted for employees of the Group as well as for community members in certain locations, on the causes and prevention of diabetes. Employees were also encouraged to make at least one of 3 pledges: to walk daily, eat healthy, and live actively, in an effort towards preventing diabetes.

As a result of the Group's stringent health and safety standards, CIC Holdings, CIC Agri Businesses, CIC Feeds, Chemanex, and CISCO did not report any injuries, occupational diseases, unusual absenteeism or fatalities within the year under review.

At Link Natural, though no major accidents occurred during the reporting period, a minor injury was recorded for one staff member whose 5th finger was injured as a result of moving parts of a machine, and 14 days of work were lost for this individual as a result.

Training and Education

CIC recognises the importance of training, education, and development for the wellbeing and progress of its employees, and each entity of the Group is committed to providing timely and relevant training for their employees. Though each subsidiary of the Company manages the aspect of training independently, they each strive to ensure that all employees irrespective of staff grade have an equal opportunity for training and development.



Staff participation at fire drill

CIC Holdings undertakes a combination of training programs depending on the nature of each individual's job role. Employees within the Healthcare Division undergo constant on the job training, while employees in other parts of the business have also benefited from training on leadership skills, communication skills, and motivation, during the year under review.

At CIC Feeds, staff members are constantly encouraged to attend seminars and other training programs which will develop and enhance their knowledge while providing them with the opportunity to learn new skills, methods, and technologies.

Similarly Chemanex provides both local and international training in order to enhance employees' self-development and enhance their career progression while also ensuring a satisfied and motivated workforce.

CISCO employees are also trained on the job and are also encouraged to undergo professional examinations in their respective fields.

At Link Natural, employees benefit from a wide variety of training programs. During the year under review, the Company has provided its employees with on the job training, soft skills development training, leadership training, motivational training, managerial skills training, job knowledge training, training on standards and health and safety, as well as outbound training.

Average Hours of Training per Year per Employee by Gender												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Total Hours of Training	2393	529	7806	2602	1229	47	1806	451	231	108	90	-
Average Hours of Training	6	10	20	20	3	0.5	9	15.5	2	4	3	-

Average Hours of Training per Year per Employee by Employee Category												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Executive Board Members	-	-	15	-	7.5	-	-	-	-	-	-	N/A
Divisional Directors	26	-	N/A	-	2	-	N/A	-	N/A	-	N/A	N/A
Group Heads/ General Managers	16	-	N/A	-	2	-	5	-	7.5	-	-	N/A
Senior Managers/ Managers	4	-	27	-	14	-	6	-	4	-	-	5
Junior Managers/ Senior Executives	18	-	31	-	3	-	6	-	8	-	-	N/A
Executives/ Junior Executives	5	-	22	-	3	-	5	-	-	-	-	5
Non-Executives	2	-	18	-	1	-	12	-	2	-	-	2.5

Performance and Career Development Reviews

Regular performance and career development reviews are an important aspect of employee progress within the CIC Group. The fundamental premise of this is to strive to further the development of all employees across the Company, and gender is not a factor that is taken into consideration when undertaking performance and career development reviews.

At all companies within the Group with the exception of Chemanex, annual performance and career development

appraisals are carried out for all employees, whereby each individual is afforded the opportunity to assess themselves against the previous year's appraisal, self-assess their strengths and weaknesses, while also being given the opportunity to express their future training requirements and concerns if any. All remuneration in the form of salary increments and bonuses are based on each employees' achievement of the objectives stated through the appraisal. Therefore, the reward system of the Company is directly connected to the appraisal system, driving employees to achieve their stated objectives.

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Through this process, the Company is also able to identify key performance and likely candidates to be developed to higher levels of management.

Performance and career development reviews are not undertaken for outsourced employees, as their direct employers are responsible for undertaking reviews in that regard.

Employee Performance and Career Development Reviews												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Percentage of employees who received a formal performance review	100%	100%	75.5%	84.5%	100%	100%	100%	100%	23%	50%	60%	60%

At Link Natural, those employees who did not receive performance reviews during the year under review were employed for 6 months or less. 100% of employees who have been with the Company for over 6 months are entitled to performance and career development reviews.

At Chemanex, annual performance and career development reviews are undertaken with management staff only.

Diversity and Equal Opportunity

CIC strives to cultivate a diverse workforce and provides equal opportunities for all employees and prospective employees, regardless of gender, age, race, religion, sexual orientation, political belief, or any other characteristic. At the time of recruitment, none of these factors are considered, and an applicant is judged purely on merit of qualification, experience, and suitability for the role in question. Additionally while on the job, employees are not discriminated against for any reason, and their success within the Company is solely based on each individual's unique capabilities and performance.

The breakdown of employees within the CIC Group by gender and other indicators of diversity is presented below. Though females are not represented on the CIC Holdings Board, females are represented on the Boards of CIC Feeds, CISCO, as well as a number of other subsidiaries not covered by the scope of this report.

In addition, while CIC as a Group maintains strong levels of diversity in administrative positions, due to the nature of the businesses including factory operations and field-based activities in some of our subsidiaries, lower levels of diversity may be indicated at subsidiary level.

Composition of Governance Bodies by Gender												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Board of Directors (%)	100%	-	100%	-	100%	-	90%	10%	100%	-	86%	14%
Senior Management Team (%)	92.5%	7.5%	63%	37%	85%	15%	95%	5%	100%	-	100%	-

Breakdown of Employees by Gender												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Gender Diversity (%)	88%	12%	75%	25%	80%	20%	87%	13%	81%	19%	80%	20%

Breakdown of Employees by Age Group												
	CIC Holdings		Link Natural		CIC Agri Businesses		CIC Feeds		Chemanex		CISCO	
Under 30 years	30%		51%		44%		23%		17%		65%	
30 – 49 years	58%		41%		52%		69%		64%		35%	
50 years and above	12%		8%		4%		8%		19%		0	

Equal Remuneration for Women and Men

Being home to the world's first female head of state, the socio-economic environment within Sri Lanka seems to encourage equal participation in the workforce of both men and women. While women's workforce participation rates vary by industry, CIC as a Group strives to ensure an equal platform for all employees regardless of gender, or any other characteristic. Within the Group, a number of subsidiaries have Boards that consist of female representation, including CIC Feeds and CISCO which are covered within the boundary of this report.

Companies across the CIC Group provide equal remuneration for work of equal value, and there is no difference in remuneration paid to women and men. The ratio of basic salary and remuneration of women and men at all locations of operation and across all employee categories is 1:1.

Labour Practices Grievance Mechanisms

While there is no formal channel within the CIC Group whereby employees could voice their grievances with regards to labour practices, there are informal channels in place which would serve to address this. An open door culture is in place across the Group where any employee can access any other member of staff or management, in order to voice any concerns they may have. In addition, non-management staff at CIC Holdings PLC are unionised and are covered by a collective agreement which seeks to protect their labour related interests.

During the year under review, there have been no grievances about labour practices filed at any of the companies within the CIC Group.

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Human Rights

Non-discrimination

CIC is a strong believer of equal opportunities in the workplace and prides itself on respecting its workforce equally, regardless of gender, age, race, religion, sexual orientation, political beliefs, or any other factor.

All companies within the Group fill vacancies only on the basis of the right fit for the job, and all staff also have equal access to training and development accordingly. CIC also believes in equal pay for work of equal value, as described in previous sections of this report.

There have been no incidents of discrimination reported by any of the companies within the CIC Group during the year under review.

Though there is no formal channel for voicing such incidents if they do occur, the Group operates an open door culture where any staff member can access and voice their concerns to any member of management within the Company.

Freedom of Association and Collective Bargaining

CIC recognises its employees' rights to freedom of association and collective bargaining, and non-management employees of CIC Holdings PLC are covered by a collective agreement. Employees recruited under the management category are automatically excluded from joining trade unions however, as the unions themselves have been created solely for non-management grades.

While Link Natural does not have any politically affiliated unions present within the Company, 3 employee associations have been established, including an in-house union for staff, an in-house union for workers, and a welfare association for the welfare of employees. 90% of Link Natural employees are covered by these associations.

Further, while unions are not present at CIC Agri Businesses, CIC Feeds, Chemanex or CISCO, as a result collective bargaining agreements are not in place within these companies, employees from all companies are given a fair opportunity to express their opinions and the companies have not discouraged them from collectively voicing their concerns to the management, or violated their fundamental rights in this regard at any point to date.

Child Labour and Forced or Compulsory Labour

CIC strictly ensures that child labour does not and will not occur within its operations. The Company conforms to the labour laws of Sri Lanka, and as such, does not employ any person under the age of 18 years. Ages of applicants are verified prior to the commencement of formal interviews with potential new recruits. This approach is also adopted as regards outsourced contract employees and relevant clauses are in place within the agreements entered into with our labour contractors. There have been no incidents of child labour reported within the Group to date.

CIC is equally strict with regards to forced or compulsory labour, and neither is tolerated within the Group. Towards ensuring this, the Group as a policy neither retains any original documents belonging to its employees, nor requires any form of guarantee or cash deposit. No employee is made to work against his or her will or is subject to corporal punishment or coercion of any sort. As a consequence, no incidents of forced or compulsory labour have been reported within the CIC Group to date.

Supplier Human Rights Assessment

CIC, and in particular CIC Agri Businesses and Link Natural who work closely with farming families through their out-grower networks, recognises that as for any business, child labour may not be present within its own operations, but it is a potential area of risk in the supply chain.

The Group also recognises the inherent nature of small holder farming, which is typically a family activity where all members of a family would participate. In this regard, CIC acknowledges that family labour, where children assist their parents with farming activities after having completed their daily schooling and education requirements, may occur within the Company's supply chain. While this is permitted, child labour, where children are forced to engage in work rather than pursuing their education, is not permitted within the supply chain of the Group.

CIC Agri Businesses and Link Natural have not identified any actual or potential incidents of child labour within their supply chains thus far. However, formal methods of screening for child labour and other human rights risks in the supply chain have not yet been implemented by these entities or others within the Group.

Society

Local communities

Local communities are a vital stakeholder of the CIC Group, particularly for CIC Agri Businesses and Link Natural where out-grower networks are established. Through these programs, the company reaches and engages with a large number of small scale farmers, thereby contributing towards the upliftment of their living standards and towards their economic and social development as a whole. Out-growers are typically family units, whereby both men and women are involved.

CIC Agri Businesses works with a network of over 20,000 farmer families covering over 15,000 acres through its out-grower programs for seed paddy, consumption paddy, soya, maize and milk. In addition, Link Natural's out-grower network in the areas of Anamaduwa and Ampara consists of over 350 farmer families spanning over 125 acres of herbal plants.

CIC Feeds too ensures that employment opportunities are given to the local community surrounding its farms and plants, thereby contributing towards the development of the community in their vicinity.

In addition to this, companies across the CIC Group also get involved in various community investment initiatives with the aim of uplifting living standards and contributing towards community development. These initiatives have been primarily in the field of education. CIC Feeds has invested in human capital during the past year through providing scholarships for students, while Chemanex has taken a long term mantle of improving the standard of English education in the Sangabodhi Vidyalaya situated in Mahiyanganaya.

Additionally through the Chemanex Trust Fund, students in secondary and higher education are supported as the Company provides commercial training for undergraduates from various local universities, thereby providing them with practical work experience and making them more employable and attractive to recruiters.

Link Natural is also involved in uplifting education standards, and to this effect, conducts curricular and co-curricular activities in ten selected schools in the Dompe Education

Zone. These include special seminars and motivational programs for teachers and students, leadership training programs for students, attitude development programs for students and parents, as well as teach training programs and parental awareness sessions.

Given the nature of its business and the product it markets, Link has also been involved in awareness programs on oral hygiene, which has benefited a number of families within the local community.

CIC Holdings through its Sports Club organised a blood donation campaign at the CIC Head Office in Colombo. A total of 73 CIC employees donated blood at the event.

Formal impact assessments have not been conducted thus far in terms of community development activities conducted by the Group's companies.

In addition, while at Chemanex all new operations are evaluated through a rigorous process prior to embarking in order to mitigate possible impacts on the community, no formal impact assessments have been conducted by other entities of the Group in terms of their operations.

It is deemed however, that due to the location of our operations across the Group, where with the exception of our farms, other operations are not located in residential areas, that we do not have any significant negative impacts on the local communities through our business. The companies within the Group take steps to ensure this as legally required for example by conducting regular noise testing, etc.

Where we do have an actual or potential impact on local communities is in the localities of the end users of our fertilizer and crop protection chemicals, where it is alleged that products of the agricultural inputs industry as a whole is contributing towards Chronic Kidney Disease prevalent in the North Central province of Sri Lanka.

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Product Responsibility

Customer Health and Safety

At CIC, customer health and safety is of the utmost importance, particularly with regards to consumer goods, pharmaceuticals, and agriculture and food related products.

All products manufactured and marketed by the Group have been through stringent health and safety testing and have been developed into the final products that are produced by the Company today. The necessary certifications have also been obtained by the various entities within the Group, where required. For example, all products imported by the Healthcare Division of CIC Holdings must obtain a certificate from the CDDA. Similarly, companies operating in the food and beverage sector under CIC Agri Businesses and CIC Feed hold ISO22000:2005 and HACCP food safety management system certifications, while Link Natural also holds HACCP certification.

At CIC Agri Businesses, SHE impacts are assessed, reported, and corrected in all production units and farms. Similarly at CIC Feeds, all processed chicken sold by the company complies with the highest safety controls and regulations.

PET bottles manufactured and sold by CISCO have gone through stringent testing in order to ensure that products sold are of food and beverage packaging grade.

In terms of analysis of products for customer health and safety at the disposal stage, any crop protection chemicals not sold within 2 years of manufacture, are recalled and disposed of by the Company in a safe manner. However, though farmers have been educated on the safe disposal of fertilizer and crop protection chemical products, actual methods of disposal by consumers of our products across the Group have not been assessed thus far.

Products and Services – Customer Satisfaction and Labelling

Being a company that operates both in the B 2 B and B 2 C fields, CIC feels it is of vital importance to have an up to date understanding of customers' views with regards to the products or services that it markets.

To this end, CIC believes in providing its customers, whether dealers or end consumers, with as much information on its products and services as possible, in line with statutory requirements. This is particularly important due to the nature of CIC's businesses, in particular for products related to agriculture, pharmaceuticals, food, or chemicals.

For example the Healthcare Division of CIC Holdings is required to provide certain product information, including details on manufacturers as well as information on safe usage of products including how to use products, dosage, etc.

At CIC Agri Businesses, product information on fertilizer should be made available as per the National Fertilizer Secretariat regulations, and SLS and ISO requirements. In addition as per the Consumer Affairs regulations, SLS, and ISO, rice, yoghurt, and eggs sold by the company must also carry specific information through their product labelling.

Similarly at Chemanex, certain information must be maintained and communicated regarding a number of products. For example, Dot 3 Break Oil is manufactured according to the international standard of SAE 71703, and for Nexobleech, a quality assurance certificate is obtained from the Rubber Research Institute for each batch.

Additionally for Link Natural, though information on ingredients is not required for ayurvedic products, for any products that have a healthcare application, information on ingredients must be made available through the product packaging and labelling.

CIC and its subsidiaries have in built regular systems for measuring customer satisfaction as described below. In addition to specific channels or engagement with customers to ascertain their levels of satisfaction, companies within the CIC group also maintain open channels through which customers could provide their feedback as and when desired.

Company/ Division	Frequency of measuring customer satisfaction	Methodology	Other mechanisms by which customers provide feedback	Customer feedback and actions taken
CIC Holdings – Industrial Chemicals	Annually	Interviews, questionnaires		Customer feedback brought to light the necessity to improve the colour of some of the paint binders produced. As a result, root cause analysis was undertaken and corrections were made so that the colour produced would be within the accepted limits.
CIC Holdings – Crop Solutions	Annually	Surveys and interviews	Questionnaires	Customers maintain a good attitude towards the agro chemicals and liquid fertilizers marketed as well as the service provided. The need of most customers is for portable pack sizes and concessional rates for products specifically during the season. Steps are taken by the company to address these.
CIC Holdings – Healthcare Division	For medical devices – monthly and upon the introduction of new products. For pharmaceuticals – monthly.	Face to face interviews		Customer satisfaction is obtained for all product categories. In general, feedback has been positive.
Johnson & Johnson	Daily, weekly, and annually	Usage and attitude surveys, through independent research agencies	Mom helpline, telephone, social media	Depends on the objective of the survey undertaken. Examples of feedback received include top of mind awareness, consumer behaviour patterns, and feedback on specific products.
CIC Agri Businesses	Monthly	Monthly visits by marketing and field staff	One on one meetings, email, telephone	On receipt of any formal complaints regarding any of the products that CICAB deals with, it's immediately dealt with by either or both the production team and marketing team depending on the nature and relevance of the complaint
CIC Feeds	Monthly	Monthly visits to dealers and customers by our field force	Dedicated 24 hour customer care hotline	Our field forces regularly visit the customers and the customer satisfaction feedback is received on a continuous basis, allowing CIC Feeds to take necessary action when required

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Company/ Division	Frequency of measuring customer satisfaction	Methodology	Other mechanisms by which customers provide feedback	Customer feedback and actions taken
Chemanex	Monthly	Customer visits by product managers	Visits, email, telephone	In general, customer feedback for our products is positive. Appropriate action would be taken immediately if any negative concerns are reported from our customers. We have been recognised for 100% vendor compliance and as a most preferred supplier by our international buyers. All customer complaints are properly recorded and promptly attended.
CISCO	Once a year	Feedback forms as per ISO requirements	Emails, telephone	Customer feedback is assessed in management meetings and immediate action is taken whenever necessary
Link Natural	Once a year	Qualitative research is done on usage and attitudes, validated by quantitative research where relevant. Regular customer feedback is also obtained	Email, telephone, interviews done for the purpose of research	Research on Sudantha is currently ongoing. Samahan and Kesha will be considered for research during the next financial year.

Marketing Communications

Companies within the CIC Group do not market or sell any products that are banned, or that are disputed. However, the use of fertilizer and crop protection chemicals continues to be a matter of stakeholder question and public debate on a national level, due to the alleged link to Chronic Kidney Disease particularly in the North Central province of Sri Lanka.

The biggest challenge faced by the agriculture industry today is the overuse of certain agricultural inputs by the farming community, which by now has escalated to the extent where ground water, rivers, and reservoirs have become contaminated.

We continue to believe that the solution to this problem lies in education and awareness, and we continuously educate the farming community on scientific crop management and on the judicious use of our products. In addition, we ensure that the products we market consist of raw materials that are sourced from the best global manufacturers, which are widely researched and have minimal negative impacts on humans and the environment.

None of the entities within our Group have faced any incidents of non-compliance with regulations or voluntary codes concerning marketing communications, including advertising, promotion, or sponsorships, within the period under review.

Product and Service Related Compliance

All companies within the CIC Group ensure that their products and services satisfy the requirements of all relevant government organisations and local authorities, including the Sri Lanka Standards Institute, Board of Investment, Central Environmental Authority, Industrial Technology Institute, and so on. Companies within the group also have the necessary certifications related to their products or services.

As mentioned previously, all products imported by the Healthcare Division of CIC Holdings must obtain a certificate from the CDDA, while companies operating in the food and beverage sector under CIC Agri Businesses and CIC Feeds hold ISO22000:2005 and HACCP food safety management system certifications. Link Natural holds HACCP certification as well.

As such, none of the entities covered by the boundary of this report have faced any monetary fines for non-compliance with laws and regulations concerning the provision and use of products or services.

In addition, none of the entities have faced any monetary fines or non-monetary sanctions for non-compliance with laws and regulations in general during the period under review.

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