

ROOTED FOR THE FUTURE

A great forest is held together by the strength of its roots as it spreads its abundance to the world beyond. Its existence is a testament to the energy of organic and sustainable growth which has nurtured our world for as long as our collective memories can recall. We at Singer believe in the power of sustainable ideas, and our roots are firmly embedded in a fertile foundation where ideas can flourish and create abundance within and beyond our reach.

As one of Sri Lanka's largest conglomerates, we envision a world where corporate citizens can create meaningful changes in our communities and achieve a robust balance between altruism and business longevity. Departing from the traditional mindset of engaging in Corporate Social Responsibility (CSR) as merely a generous philanthropic activity, we have integrated the values of sustainability to the very core of our operations in a manner that serves society and secures long-term profitability with minimal negative impact to the world at large. By making meaningful investments in the lives of our stakeholders, we have succeeded in Created Shared Values (CSV) that has helped us achieve long-term competitive advantages while nurturing all those who surround us.

From our humble beginnings in the bazaars of Pettah through our evolution as a large group with an expansive network in diversified spheres of industry, we have nurtured relationships that have lasted through the years and helped us realize the commanding influence of long-term vision and strong connections. We are also engaged in a continual pursuit of developing new technologies that have a compelling force to change the way businesses operate in the future. Adaptation to the changes in environment is crucial for maintaining sustainability, and Singer believes in progressive innovations to ensure our customers receive the highest quality products at any given time. Our desire to add value to our customers lives has been an exercise of fostering trust and persistently applying ourselves to achieve excellence.

Like a forest that spreads its shade and provides its abundance to everything living in and around it, we believe in reaching out to the future with a firm grounding in sustainable practices that can generate progressive benefits for society in the future. As such, we invest in green technologies, protect the interests of our employees and invest in their development, support the education of our younger generations with keen interest, and channel our resources to empower sports, the arts, and cultural activities throughout the nation. These strongly rooted relationships have helped us thrive, as have the individuals and communities we are connected with.

For us, CSR is not a tool to maximize profits or an instrument to enhance numerical statistics to portray success. More precisely, it is an inherent maxim rooted in our approach towards business, and a beacon that lights the way in our determination to be exemplars in creating sustainable excellence for our nation and ourselves in the present and the future.

(This Corporate Social Responsibility Report refers to the Singer Group and its subsidiaries as 'Singer', unless a company name is specified. The report covers content that is relevant to the economic, environmental and social activities of the Company for the financial year 2015, which is in compliance with the application for the Best Corporate Citizen Award)

Contents

ENVIRONMENTAL

- Section 1 Environmental Management** - Interventions during the year 2015/2016 to reduce the environment footprint of the core business and/or that of the customers/clients of the business. Areas covered may include but not limited to; energy efficiency, renewable energy, water and resource use, rainwater harvesting, recycling/reuse of liquid and solid waste and reduction of discharges/emissions to the environment, use of less toxic chemicals; and initiatives to address environmental concerns in production, storage, transportation and disposal of waste. Please provide quantitative and qualitative information to highlight the achievements. - **05**
- Section 2 Integrating environmental concerns with business processes and activities** – Details of environment permits/licences/certifications, awards, and investments on training and education of employees and stakeholders on environment best practices, efforts to influence/ promote clients to mainstream conservation of environment, modifications to purchasing and marketing related policies and procedures etc. Please highlight how the effort to mainstream environment or innovative break-through thinking of management helped to reduce the environment footprint of business and those in client businesses. - **13**
- Section 3 Value added initiatives contributing towards environment sustainability** - Details of specific eco-friendly projects carried out by the company that are not directly related to the normal business operations but contributed significantly towards sustainable development. These projects may have started in prior years, therefore, feel free to use past information as well, preferably the last three years. Please highlight the impacts qualitatively and quantitatively and also submit multi-media products/ case studies etc. - **24**
- Section 4 Compliance** - Details of any complaints against the business products/services on environmental grounds, investigations /inquiries by regulatory authorities, fines imposed/court cases filed and actions taken to address the concerns raised. - **25**

SOCIAL

1 EMPLOYEES - 33

Section 1 Significant achievements during 2015-2016: - 33

- i Strengthening employee relations at the workplace - **33**
- ii Employee benefits, working conditions including OSH - **46**
- iii Employee training and development - **47**

Section 2 Mechanisms to ensure equal opportunities in employment (give examples): - 49

- i Disabled persons - **49**
- ii Gender equality - **49**
- iii Promotions - **50**

Section 3 Identify challenges faced and strategies adopted/actions taken to overcome the challenges. - 50

Section 4 Statistics - 52

- i Total no of employees as at 31 March 2016 and 31 March 2015 - **52**
- ii No. of employees dismissed during 2015/2015 and the no retrenched through VRS - **52**
- iii No. of employees trained and total investment on training - **52**
- iv No. of disabled employees - **52**
- v No. of female employees and female employees in Senior Management positions as a percentage of total employment. - **52**

Section 5 Compliance - Briefly give an account of any industrial disputes that were referred to the Labour Department and any prosecutions for violation of labour laws - 53

2 CUSTOMERS - 59

Section 1 Product Responsibility - State what policies and measures were adopted during the year to improve the products and service provided to your customers, whilst taking cognisance of their needs and providing adequate and relevant labelling information about the product/service for the customer to make informed purchasing decisions. State how safe and healthy the company's products/services are for the customer and communities to enhance their well-being. Systems adopted by you during the year to identify customer complaints and suggestions; measures adopted to improve communication about company's products and services to the public and to address any negative publicity. - **59**

Section 2 Communication - Programs undertaken, relating to Marketing communications, including advertising, promotion and sponsorship, for adherence to laws, standards and voluntary codes in executing such programs. - **73**

Section 3 Research - Specify briefly; research conducted to identify & track customer needs, align products & services to these needs and to address quality from a customer perspective. - **76**

Section 4 Strategy - What are the specific customer/competitor-related challenges identified in your company/ industry? What actions have you taken during the year under review to address these? - **78**

Section 5 Complaints - If any, briefly state any lawsuits filed against the products/services of the company and / or its subsidiaries, fines for non-compliance with regulations and any withdrawal of products/services from the market due to defects/irregularities. - **80**

3 COMMUNITY - 83

Section 1 Strategic CSR : - 83

- i State the facilities extended to suppliers and/or buyers to develop and treat them as “partners” of the company’s long-run growth/progress - **83**
- ii Purchasing schemes implemented and/or distribution channels introduced to help small farmers/out-growers/sub-contractors/industrialists/traders, with special reference to guaranteed purchasing and pricing schemes. - **87**
- iii Supplier rating schemes introduced - **87**
- iv Mechanisms in place for employee engagement and motivation in CSR activities and its impact - **92**

Section 2 Community / Special projects - 93

(these should not have been covered in Section 3, under Environment):

- i State the basis on which community development projects/activities are initiated, monitored and continued - **93**
- ii Details of how the projects are financed and resourced - **93**
- iii List all projects that were carried out under the reference year, briefly stating the objectives/targets, resource allocations, results - **94**
- iv Reasons for success/failure of projects - **109**

ECONOMIC

1. GOVERNANCE - 123

Section 1 Governance structure - Please state the number of members, non-executive directors and independent directors in the Board and its committees as at 31st March 2016. Please use the definitions used in the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka for this purpose. - 123

Section 2 Quality of the Board – Please state areas of expertise identified by the entity as appropriate to be represented in the Board, and how they are so represented. - 127

Section 3 Measures against corruption – Please state the measures taken by the company to communicate to its employees and enforce its policy relating to zero tolerance of corrupt practices. Please attach copies of relevant documents. - 128

Section 4 Compliance – Please state whether or not there was any judgment against the entity by a court of law or any unfavourable action taken by a regulator on or after 1st April 2012. If there was, provide details. Provide details of any pending cases. - 128

2. FINANCIAL PERFORMANCE - 129

Please attach a copy of the annual report (including financial statements with the auditor's report) of the entity for the last financial year. Entities which do not publish an annual report may submit a copy of the financial statements with the auditor's report. If the applicant is a branch of a foreign company, the financial statements should be of the branch. - 129

3. ECONOMIC CONTRIBUTION - 132

Section 1 Value added - Please attach a statement of value added for the last 2 financial years. - 132

Section 2 Contribution to national and regional development

Please attach a reconciliation of the total investments with the additions disclosed in the financial statements. Only employees for whom provident fund is contributed could be counted in the number of employees. - 133