



## CHAIRMAN'S MESSAGE

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### Dear Stakeholders,

Sustainability is fast becoming the backbone of the future of all modern corporates. The direct connection between economic growth and the safeguarding of triple bottom line priorities is becoming more emphasised with each passing day. With sustainability carving its own niche in the bigger picture of the business world, all stakeholders - be it investors, customers, suppliers or employees - are now increasingly becoming aware of the importance of seamless integration of sustainability into all aspects of business. The John Keells Group fully appreciates, and has embraced sustainability as being intrinsically interwoven with what we do and hence is now in the DNA of our business processes. I am pleased to report that its benefits, tangible and intangible, can now be felt across the Group.

Last year we committed ourselves to upholding and integrating sustainability into the value chain of all sectors in the Group by focussing not just on our financials, but also on our economic, environmental and social performance. This year, we have taken our sustainability process one step further, by decentralising the process to all our business units in order to closely link the Group's strategic and operational objectives. The main focus was to integrate the objectives of sustainability with those of the businesses and ensure they are practiced across the Group. The key change was that the sustainability goals and targets deliverable were determined by the individual business units, thereby facilitating their integration not only as an operational guideline but also as a performance target in their businesses.

This decentralisation process has been a very useful and extremely valuable exercise as it has made the businesses look very closely at its operations and practices and understand their impacts. During the reporting year we have been successful in establishing the goals and targets as well as action plans in the environment, labour and human relations categories. These goals and targets are monitored closely and reported against the performance of the businesses. We will make this process continuous and an integral part of our business practices in the review of all our operations and our stakeholder touch points.

The status of our performance for the last financial year against our goals for energy consumption, environment and conservation, labour and human relations are highlighted on page 108. It is encouraging to note that the Group has been successful in achieving most of its goals and targets for the reporting year. Our agenda for the year 2011/12 detailed on page 112 emphasizes the Group's focus on continuous improvement in all environmental, societal and economic aspects and will result in the evolution of best practices across all of our businesses.

Stakeholder engagement always being a priority, the Group held the Great Places to Work (GPTW) employee survey in the last quarter this year, measuring strengths and development areas of the organisation based on five dimensions: Credibility, Respect, Fairness, Pride and Camaraderie. Focus group discussions with the staff were also held by our external consultants to ensure that the management clearly understands the root causes of the concern areas emanating from the results. The results and findings have been shared with all staff members and action plans are currently being formulated to address concern areas. Communication tools such as Young Fora, the Group's social forum "JKConnect" and the newly launched Group knowledge sharing portal "SEEK" (Sharing Expediency Expertise and Knowledge) are channels which further facilitate regular employee dialogue and engagement. With 2011 being the "Year of Innovation" at the John Keells Group, Innovation teams have been put in place to encourage employees to think out-of-the-box and in turn entrench a culture of innovation in all our businesses, support functions and strategic business units.

As a conscientious employer and corporate citizen, the Group's HIV and AIDS Workplace Programme and Policy was rolled out across the Group to help protect the lives and livelihoods of our staff, while the Group's HIV and AIDS Awareness Campaign continues to educate the public at large.

John Keells continues to develop, support and educate communities in which it operates through its numerous CSR initiatives spearheaded by the John Keells Foundation. While these projects cover the areas of Education, Health, Environment, Community and Livelihood

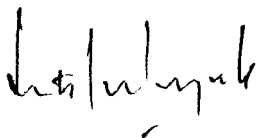
Development, Disaster Relief, Sustainable Sourcing and Arts and Culture, the Group also focuses on the continuous improvement of livelihoods of our business partners. Our Leisure Inbound sector's procurement of transport providers and the scheme of financial assistance provided to them, the sourcing of local produce by our supermarkets and the backward integration to partner our key suppliers such as vanilla and ginger out-growers as well pork and chicken suppliers, by our Food and Beverage sector, are some examples of how the Group's CSR initiatives are integrated into our Sustainability framework.

Last year's John Keells Sustainability Report became Sri Lanka's first to receive a 'GRI Application Level Check' and it emerged as the winner of the ACCA and ICASL Sustainability Reporting Awards for its content and coherence. Similar to last year, the Group's Sustainability Report this year is compiled at a GRI disclosure Level B(+), achieved a GRI Application Level Check and has been assured by a third party. The John Keells Group continues to be a participant of the United Nations Global Compact Initiative, focussing on UNGC's principles of Human Rights, Labour, Environment and Anti-corruption, which further emphasises the Group's commitment to the integration of sustainability into all our businesses. Supporting the country's commitment in achieving the Millennium Development Goals too, is yet another priority of the Group.

In a socio-political scenario devoid of conflict, and enjoying the multi-dimensional possibilities of freedom, Sri Lanka is now positioned for a voyage of unbounded development. Whilst capitalising on this opportunity, John Keells fully understands that new opportunities also bring about new challenges. Committed to safeguarding its multitude of stakeholders from these challenges, we have focused on employee retention and equipping our employees to meet these challenges, considering impacts on communities in all business expansion ventures, responsible marketing and communication and on ensuring conservation and energy efficiency in expanding our plants, among many others. The Group has also taken into consideration the macroeconomic and political trends, within which it functions at present, and these have been included in our sustainability priorities. These aspects have been focused on in our sustainability agenda for the current year.

We firmly believe that this is the country's best opportunity to make use of the hard won peace in achieving positive economic development for the future. We also believe that good governance, accountability and sustainable business practices are paramount to achieving these goals. The John Keells Group is well poised not only to be a leader in the private sector in this endeavour, but more importantly to do so responsibly, weighing the interests of all our stakeholders.

Yours sincerely,



Susantha Ratnayake  
*Chairman*