

# ENVIRONMENTAL IMPACT



Minimizing the impact of energy related environmental damage and enhancing the Groups' competitiveness through energy cost savings by embracing lean energy management practices

- John Keells Group Energy Management Policy



## ENVIRONMENTAL POLICY

The John Keells Group is committed to promoting sound environmental practices within our key businesses, through the establishment of policies and practices that enable us to conduct our operations in a sustainable and environmentally sound manner. We will strive to continuously identify all potential impacts on the environment and manage such impacts whilst using our resources in a sustainable and efficient manner

The John Keells Groups' environmental policy stems from its commitment to responsible citizenship and this chapter deals with the Groups' environmental activities. The Group has sought to minimise the Groups' Carbon Footprint and mitigate any environmental impact caused from its products and services. A comprehensive environmental management system is implemented throughout the Group and we have put much emphasis on energy and biodiversity. Mechanisms are in place to measure the Group carbon footprint; identify actions taken to prevent any environmental impact from our products and services and assess the monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with applicable environmental laws and regulations.

The John Keells Group steers all its' companies towards sustainable energy usage and much importance is placed on the efficient use of energy and the use of renewable energy which are key components of sustainable energy. Many of our Group companies are involved in numerous energy saving initiatives and the use of renewable energy in solar water heating and new technologies such as eco-gen systems. Our energy management processes are constantly updated in keeping with the latest technologies and best practices.

During the reporting period, all Group companies continued to adhere to the John Keells Group Biodiversity Conservation Policy and Management Guidelines. Group companies ensured the protection of natural resources, flora and fauna within and adjacent to their premises.

We believe that with respect to our environmental policy, the John Keells Group leads by example and that our approach to the environment has had a positive impact on manufacturers, suppliers, consumers, customers and other related stakeholders.



## ENVIRONMENTAL IMPACT



### JOHN KEELLS ENERGY MANAGEMENT POLICY

The strategic focus on sustainable energy usage continued to drive our energy management and conservation efforts during the year under review. To this end the Business units have focussed on driving continuous improvement programs in all sustainable energy management processes across the various businesses with the objective of optimising usage and improving efficiencies.

The Group energy management policy continued to be reinforced through these efforts and we are now a step closer in our journey towards achieving our goal;

*Minimizing the impact of energy related environmental damage and enhancing the Groups' competitiveness through energy costs savings by embracing lean energy management practices*

### STRATEGIC SHIFT IN THE MANAGEMENT APPROACH

Although the energy management initiatives were institutionalized across the Group during the year 2009/10, it was felt that the centralized management structure which was put in place previously to drive the roll out across the group was not complimenting the effort as envisaged. To this end, changes were made to the structure so that the ownership and responsibility of the energy initiatives and its achievement clearly sits within each business unit and forms an integral part of their business and review processes. This shift has made a significant difference in focus to the sustainability drive across the Group as there is now involvement at every level within each business sector recognizing the need for sustainable energy usage.

### TARGETS AND KEY PERFORMANCE INDICATORS

Targets and KPIs that were set up previously across the group was revisited and revised where required during the year under review in the light of the above changes in structure and accountability. Further setting up the required measurement process was a top priority to ensure that above target and KPIs could be monitored. To this end, targets set now reflects both a pragmatic and achievable quantum of measure within the operations of each business and also forms a part of their strategic priorities to be achieved during the year going forward.

### TRAINING AND AWARENESS BUILDING

Building on the training programs conducted to date on sustainable energy consumption, the Group continues to focus on this area in the year under review. All Business units across the Group continued to reinforce top of mind awareness among the key users and staff in general. These programs were facilitated through intranet postings, poster campaigns and at management meetings. Further energy performance/usage forms a key reporting process across all operating units in the Group. The leisure sector in particular has extended this initiative down the value chain to include customers as well.

### ENERGY INITIATIVES CARRIED OUT DURING THE YEAR

The initiatives carried out across the Group during the financial year of 2010/11 were primarily under the continuous improvement heading. These include the following;

### CONTINUOUS IMPROVEMENT PROGRAMS ACROSS THE GROUP/SECTORS

- Installation of energy efficient lighting
- Upgrading of power management systems such as capacitor banks
- Regulating energy load factors during peak demand periods
- Scheduled preventive maintenance programs for all electrical and other equipment
- Management of Ambient temperatures of HVAC systems

#### Leisure Group

- Energy audits carried out in the Resorts in Sri Lanka as well as the Maldives to identify areas for improvement
- Installing energy efficient LED/CFL lighting on a replacement basis
- Peak energy consumption is managed by shutting down power in non-critical equipment and guest areas
- Replacing electric water heaters with solar panels heaters
- Installing inverter type air conditioners on a replacement basis
- Improving on good housing keeping practices by ensuring non critical lighting is switched off

*We Care About The Environment*

We are committed to undertaking practices that preserve our natural resources.

Your bed is linen fresh when you arrive and your room is serviced every day. For extended stays, linen will be changed every third day. However, we are delighted to meet your needs by changing your linen upon request.

**“LEAVING THIS CARD ON YOUR BED MEANS”**  
“Please change my bed linen today”

Working together we can conserve million litres of water, save energy and minimize the release of detergents into the environment.

Thank you and enjoy your stay !

#### Retail

- Conversion of fluorescent light to include electronic ballasts
- Designing of outlets to maximize on natural lighting with the installations of skylights / glass panels
- Installation of 40 units of energy efficient island freezers with an investment of Rs. 11.2 million
- Optimising the lighting cluster to include a limited number of lights per switch
- Focussed initiative to monitor usage and accountability through monthly management meetings
- Internal energy audits are conducted by the retail area managers for compliance of initiatives rolled out
- A reward program is in place where 20% of the savings achieved is shared among the respective staff of the outlet.

#### Food and Beverage

- Installation of refrigeration compressors with Variable Speed Drives (VSD) to control the cooling energy required for the Ice Cream Stick Machine
- Upgrading the water treatment plant with VSD controlled distribution pumps to precisely control the treated water requirement for the manufacturing line
- Installation of Air compressors with VSD to optimally control the required compressed air for the manufacturing line

#### Other Sectors

- Plantation sector continues to maintain a high level of efficiency in indirect energy use by maintaining the VSD systems in good working order and by continuous monitoring of the total usage.
- The Plantation Sector also encourages the smallholder suppliers to grow fast-growing species of fuel wood such as Gliricidia and which in turn is purchased as firewood sticks.

#### OTHER NEW INITIATIVES CARRIED OUT ACROSS THE GROUP

##### Real Estate

- All office relocations during the year were planned to include maximum energy savings through building designs

##### Retail sector

- Energy audits are being carried out along with an energy management company to identify energy saving opportunities within the outlets.
- Further, in collaboration with the University of Moratuwa the sector is carrying out an initiative to monitor and regulate the air conditioning temperature through a process of sensors. This installation would regulate the thermostats to provide the required temperature based on the customer population within the outlet at any given time.

##### Food & Beverage Manufacturing

- The F&B sector has commenced an energy efficiency initiative to reduce the electrical power consumption in chillers with an initial investment of Rs. 3 million in order to achieve savings of Rs. 1.4 million per annum in collaboration with an energy management company
- Evaluating the usage of heat recovery of splash steam from the bottling plants to be used for the manufacturing line to reduce the furnace oil consumption in the boilers

#### Leisure

- Installation of Building Management System with an investment of Rs. 5.6 million at Cinnamon Lakeside to monitor, control and time schedule the equipments in operations with regard to heating, ventilation, air-conditioning, lighting and power management in order to save energy.
- Using the cool air discharge from the hot water pumps to provide air conditioning to staff quarters in the leisure sector
- Recovery of waste heat from air-conditioning units to produce hot water for guest rooms

#### GREEN GLOBE CERTIFICATION

Sri Lankan resorts and city hotels and Chaaya reef Elladhioo in Maldives are registered with the Green Globe certification process, out of which Chaaya Reef Elladhioo and Cinnamon Lakeside has already obtained certification with 76% and 61% compliance respectively. After obtaining the initial certification each hotel would have to demonstrate a continuous improvement in order to retain the certification along with the criteria which would be updated annually by Green Globe. Chaaya Reef Elladhioo and Cinnamon Lakeside would be audited for recertification under the updated criteria in 2012 and they would have to demonstrate a 5% increase in their compliance rating.

Green Globe was developed to provide a way forward for tourism organizations who were interested in measuring their environmental impact and then developing and implementing strategies to reduce those impacts. Green Globe updates its certification criteria annually to ensure international compliance.

##### Why Green Globe?

- Credibility
- Transparency
- Lower Operational Costs
- Better Business
- Corporate Social Responsibility
- Better Environmental Performance
- Paperless Certification Process
- Marketing Advantage
- Higher Visibility in the Market

We hope to obtain the certification with an internal target of 70 per cent compliance for all our current hotels and have all our new properties registered with green globe in order to obtain certification.

#### LEED CERTIFICATION

Leadership in Energy & Environmental Design (LEED) is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies intended to improve performance in metrics such as energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.

Chaaya Bey situated in Beruwela is currently registered with the USGBC and is aiming to obtain the certification or silver level and be a LEED certified hotel by year 2013. Five overarching categories correspond to the specialties available under the LEED Accredited Professional program out of which our construction falls under "LEED for new construction" in Green Building Design and Construction.

# ENVIRONMENTAL IMPACT

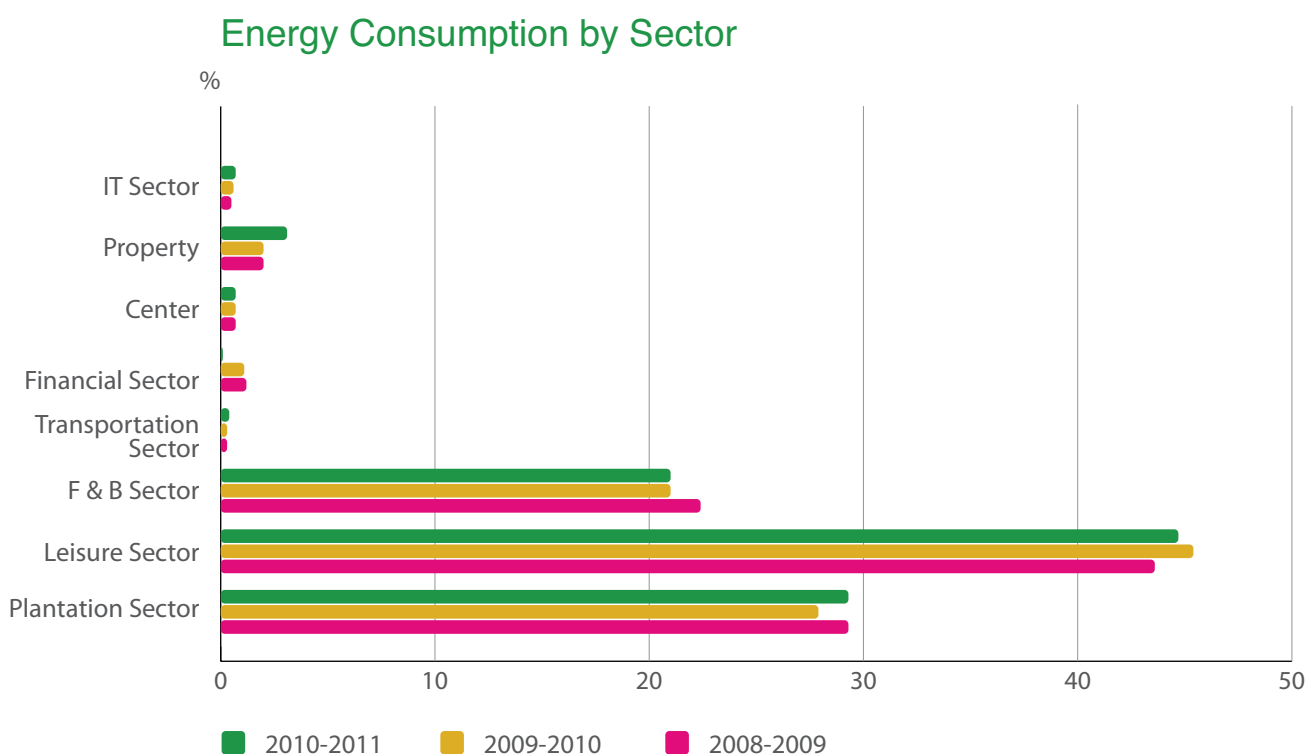
## THE GROUP ENERGY USAGE

Following table shows the John Keells Group's energy consumption for year 2010-11 compared with the reporting years of 2008-09 and 2009-10.

Description	Unit of Measure	Energy Usage			Consumption in Giga Joules		
		2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Direct Energy					379,923	363,479	360,704
<i>Fossil fuel</i>					215,718	209,463	192,246
Diesel	Liters	5,062,249	4,917,264	4,051,183	153,671	149,270	122,979
Petrol	Liters	2,434	8,971	10,330	67	247	284
Furnace Oil	Liters	1,477,169	1,365,423	1,518,300	46,791	43,251	48,094
Liquid Petroleum Gas	Kg	345,456	379,695	475,084	15,189	16,695	20,889
Renewable Energy					164,205	154,016	168,458
Renewable Energy (Solar )	KwH	227,408	238,771	125,750	819	860	453
Renewable Energy (Bio Mass)	Cu M	34,552	32,389	35,529	163,386	153,156	168,005
Indirect Energy				-	236,135	246,260	271,065
Electricity From National Grid	KwH	65,593,062	68,405,343	75,295,932	-	-	-
Renewable - Hydro	KwH	26,237,225	27,362,137	37,647,966	94,454	98,504	135,533
Non Renewable - Thermal	KwH	39,355,837	41,043,206	37,647,966	141,681	147,756	135,533
<b>Total Energy Consumption</b>					<b>616,058</b>	<b>609,739</b>	<b>631,769</b>

As indicated in the table above, during the year under review, the total energy consumption of the group has increased by 3.6%.

## ENERGY CONSUMPTION BY SECTOR



The sector wise energy usage analysis as depicted in the above chart shows an increase in the consumption compared to last year in the Food & Beverage, Leisure and Plantations sectors. The main reasons for this increase is attributable to increased production volumes in the F&B sector, opening of new Keells Super Outlets, higher occupancy rates experienced in the Leisure sector and larger production volumes along with unsuitable weather patterns experienced in the plantation sector respectively.

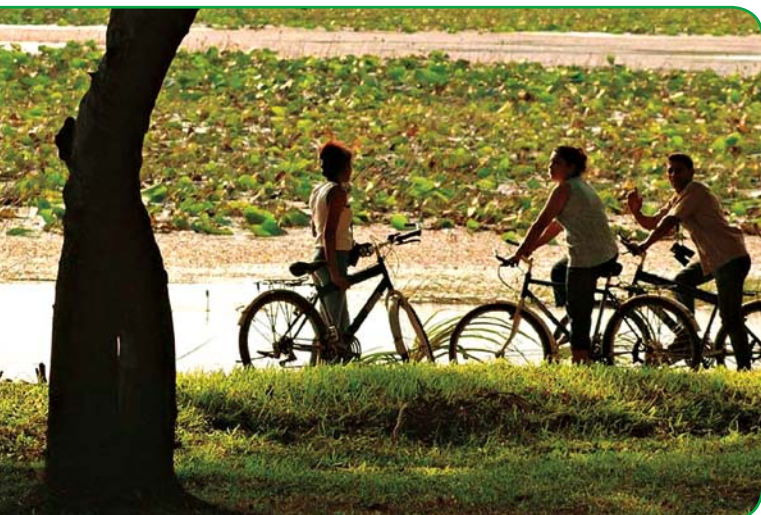
Further, the reopening of Chaaya Blu and closure of Coral Gardens for refurbishment also had an impact in the overall energy footprint of the Leisure sector.

The divestment of Cinnamon Alidhoo, Maldives also had a positive impact on the direct energy consumption during the financial year of 2010/11.

## SAVINGS ACHIEVED FROM ENERGY INITIATIVES ACROSS THE GROUP COMPANIES

Company	Details	Savings measure
Bentota Beach Hotel	<ol style="list-style-type: none"> <li>Energy saving due to replacement of CFL bulbs</li> <li>Use of Solar Power water heating system to provide hot water</li> </ol>	<ol style="list-style-type: none"> <li>139,600 KWH per annum</li> <li>5,575 KWH per annum</li> </ol>
Chaaya Blu	<ol style="list-style-type: none"> <li>Placing CFL bulbs in public areas instead of incandescent</li> <li>Use of Gas grill plates instead of Electric plates</li> </ol>	<ol style="list-style-type: none"> <li>8,300 KWH per annum</li> <li>20,400 KWH per month</li> </ol>
Yala Village	<ol style="list-style-type: none"> <li>Electricity saving initiatives <ul style="list-style-type: none"> <li>Replacing electric water heaters with solar panels</li> <li>Introduction of CFL bulbs for all rooms</li> <li>Training of staff</li> </ul> </li> <li>Replacement of old kitchen appliances and training for kitchen staff have reduced the LPG consumption</li> <li>Optimisation of generator usage and proper vehicle scheduling has curtailed the fuel consumption</li> </ol>	<ol style="list-style-type: none"> <li>Electricity saving of 35,000 KWH per annum</li> <li>240 Kg of LPG per month</li> <li>600 Litres per month</li> </ol>
Chaaya Village	<ol style="list-style-type: none"> <li>Increase in use of CFL bulbs instead of incandescent</li> </ol>	<ol style="list-style-type: none"> <li>118,700 KWH per annum</li> </ol>
Cinnamon Lodge	<ol style="list-style-type: none"> <li>Conversion of incandescent bulbs to CFL</li> <li>Installation of Solar panels (6 units) and Ecogens (43 units)</li> </ol>	<ol style="list-style-type: none"> <li>26,400 KWH per annum</li> <li>194,400 KWH per annum</li> </ol>
Cinnamon Lakeside	<ol style="list-style-type: none"> <li>Replacing incandescent bulbs with CFL</li> <li>Building Management System is installed to monitor and control the equipments in relation to heating, ventilation, air-conditioning, lightening and power management</li> </ol>	<ol style="list-style-type: none"> <li>23,400 KWH per annum</li> <li>75,360 KWH per annum from Air handling units 205,800 KWH from Exhaust Fans 15,600 from lighting</li> </ol>
Chaaya Citadel	<ol style="list-style-type: none"> <li>Conversion to CFL from incandescent bulbs</li> <li>Installation of new VSDs</li> <li>Solar panels are fixed for heating purposes</li> <li>Regular on the job training and awareness programs</li> </ol>	180,000 KWH per annum
Hakura	<ol style="list-style-type: none"> <li>Guest room and pathway lights converted to LED lighting</li> <li>Improving the efficiency in sewage treatment plants</li> <li>Awareness campaign among staff</li> <li>Encouraging guest to reuse bed linens &amp; towels without constantly sending for laundry washes</li> </ol>	<ol style="list-style-type: none"> <li>28,570 kWh per annum</li> </ol> <p>Over all 4% reduction energy usage per occupied room night compared to FY 2009/10</p>
Ellaidhoo	<ol style="list-style-type: none"> <li>Energy efficient lighting program initiated by replacing existing bulbs with LED lighting to all Water bungalows</li> <li>Inculcating guests to reuse bed linens and towels without constantly sending for laundry washes</li> <li>Awareness poster campaign initiated for employees</li> </ol>	<ol style="list-style-type: none"> <li>37,765 kWh per annum</li> <li>28,370 KWH per annum</li> </ol> <p>Overall 5% reduction in consumption per occupied room in comparison to FY 2009/10</p>
Dhonveli	<ol style="list-style-type: none"> <li>Reducing linen usage/ washing and educating guest on efficient use (reuse) of linens.</li> <li>Replacement of old lighting with LED bulbs</li> <li>Awareness campaign among staff (with posters)</li> </ol>	<ol style="list-style-type: none"> <li>37,000kWh reduction per annum</li> </ol>
John Keells Logistics	Fixing CFL Bulbs	7,000 KWH per annum
Ceylon Cold Stores	Replacing chillers in soft drink factory to reduce electricity consumption with an investment of Rs. 3 Million	Estimated annual savings in electricity consumption is Rs. 1.4 Million

## ENVIRONMENTAL IMPACT



### CARBON FOOTPRINT

Our Carbon Footprint for the year 2010/2011 has been estimated to be 65,524 MT CO<sub>2</sub>eq. This constitutes of 14,202 MT of Scope 1 direct emissions and 51,322 MT of Scope 2 in-direct emissions.

In its commitment towards environmental responsibility, the John Keells Group established its baseline carbon footprint of 62,130 MT CO<sub>2</sub>eq last financial year (2009/10). This financial year (2010/11), the carbon footprint has shown an increase of 5% to 65,524 MT CO<sub>2</sub>eq, mainly driven by the company growth especially in the Leisure, Consumer Foods and Retail sectors given the improved business climate in the country. The Group has taken the necessary initiatives to align itself to optimize emissions generated from operations, processes, products and services, as well as periodically monitor the continuous improvement efforts carried out. This year to further the Group's commitment towards environmental responsibility, specific internal energy efficiency targets have been established by each business unit.

The John Keells Group carbon emissions have been measured using Greenhouse Gas Protocol governed by World Resources Institute (WRI) and the World Business Council for Sustainable

Development (WBCSD). The emission factors have been derived from IPCC Guidelines for National Greenhouse Gas Inventories. For year 2010/2011, our boundary for the emissions measurement has been governed scope 1 and scope 2. Scope 1 is GHG emissions occurring directly from sources that are owned or controlled by our organization whilst scope 2 is indirect emissions generated in the production of electricity consumed.

**Electricity** – The main constituent of the carbon emissions is generated from electricity sourced from the national grid, contributing approximately 78% of the Groups' footprint. In comparison to the previous years' baseline footprint, the electricity component has increased by 10%. This mainly is due to the high occupancy levels in Hotels during FY 2010/11, which has increased the electricity usage. In addition, reopening of Chaaya Blu and closure of Coral Gardens for refurbishment has had an impact in the overall energy consumption of the Leisure sector. Under Consumer Foods and Retail sector, the boost in energy usage is mainly driven by opening of new Keells Super retail outlets and the increase in the production volume at food and beverage manufacturing sectors. In order to reduce the impact, the Group has implemented a group-wide strategy of conserving electricity as well as improving the efficiency of equipment and buildings, in addition to establishing measurable energy goals & targets.

**Diesel** – The second main constituent of the carbon emissions is produced from generators which are powered using diesel, contributing approximately 14% of the footprint. Generators are mainly used as a back up source of power at the companies and hotels in Sri Lanka, whilst in the Maldivian resorts it is the only source of power due to the unavailability of grid power to the islands. In comparison to the previous years' baseline footprint, the diesel component has reduced by 18%. This is due to the improvements made by close energy monitoring and increased efficiency of the generators operated. The divestment of Cinnamon Alidhoo, Maldives has further curtailed the direct energy usage during the financial year of 2010/11. This has been further complimented by energy saving initiatives such as implementation of EcoGen systems which uses heat generated from the air-conditioning for heating of water and other implementations which can be found under Energy Initiatives on pages 50 to 53.

### JOHN KEELLS GROUP CARBON FOOTPRINT

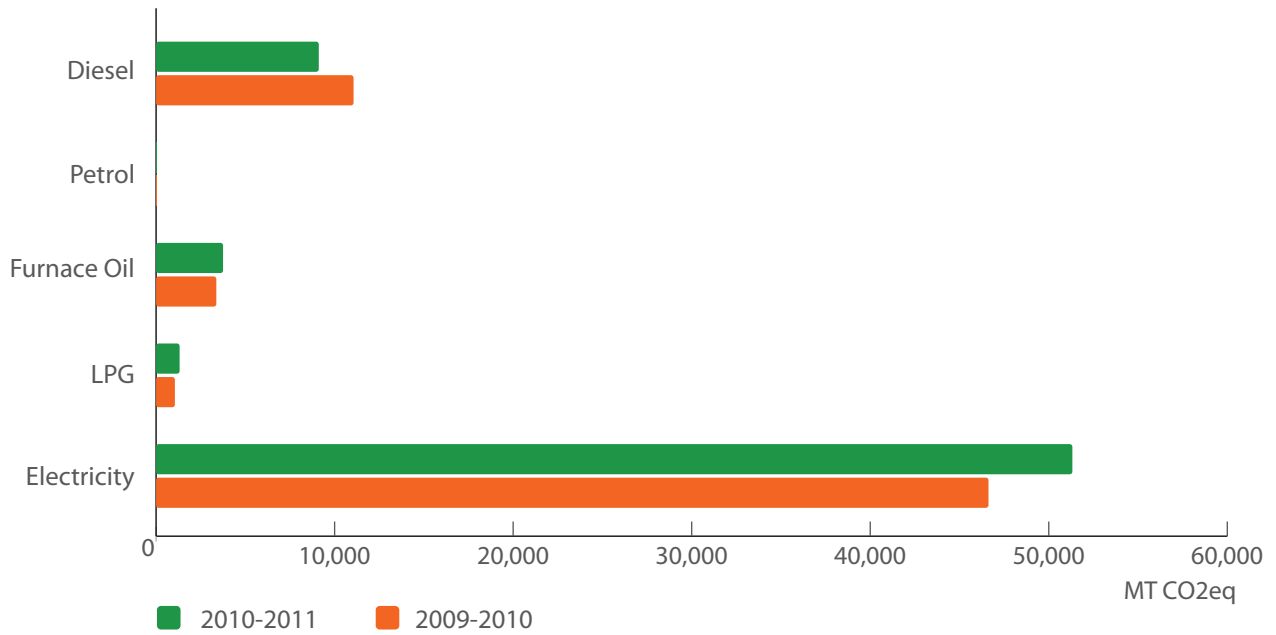
Description	Unit of Measure	Energy Usage	Consumption in Giga Joules	Consumption in Tera Joules	Emission Factor (kg/TJ)	Carbon Footprint (MT CO <sub>2</sub> eq)	
						2010/2011	2009/2010
Diesel	Liters	4,051,183	122,979	123	74,100	9,113	11,061
Petrol	Liters	10,330	284	0.28	69,300	20	17
Furnace Oil	Liters	1,518,300	48,094	48	78,000	3,751	3,374
LPG	Kg	475,084	20,889	21	63,100	1,318	1,053
Scope 1 - Direct Energy			192,246	192		14,202	15,505

Description	Unit of Measure in kWh	Consumption in MWh	Emission Factor (T CO2eq/MWh)	Carbon Footprint (MT CO2eq)	
				2010/2011	2009/2010
Electricity	75,295,932	75,296	0.6816	51,322	46,625
Scope 2 - In-Direct Energy	75,295,932	75,296		51,322	46,625

	2010/2011	2009/2010
Carbon Footprint (MT CO2eq)	65,524	62,130

\*CARBON EMISSION FACTOR SOURCE - IPCC GUIDELINES FOR NATIONAL GREENHOUSE GAS INVENTORIES AND PUBLISHED BY THE INSTITUTE FOR GLOBAL ENVIRONMENTAL STRATEGIES (IGES)

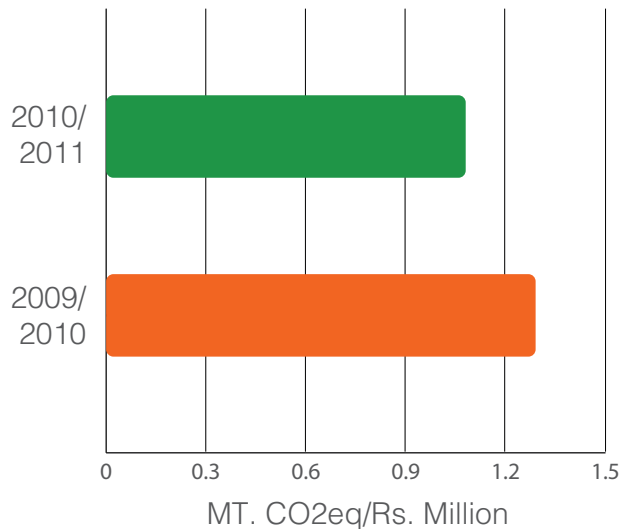
## JOHN KEELLS GROUP CARBON FOOTPRINT 65,524 MT CO2eq IN 2010/2011



## ENVIRONMENTAL IMPACT

Carbon Footprint & Revenue Comparison	2010/11	2009/10
Carbon Footprint / MT CO <sub>2</sub> eq	65,524	62,130
Revenue / Rs. Millions	60,500	47,980
MT CO <sub>2</sub> eq / Rs. Million	1.08	1.29

### Carbon Footprint and Revenue comparison



### CONSERVATION OF BIODIVERSITY

Sri Lanka is identified as one of the most valuable biodiversity hotspots of the world and the John Keells Group, seeks to conserve, and where possible, enhance the biodiversity of the locality in which its businesses operate in.

This is done through the implementation of environmental best practices relating to conservation and protection of biodiversity including the adherence to ISO 14001 Environmental Management Systems (which is currently being implemented across selected Group companies) and measures taken to ensure adherence to all statutory and Governmental regulations pertaining to the protection of fauna and flora and the overall environment.

The following Management Guidelines have been issued to all companies within the Group.

- All companies including new companies which may be acquired merged or formed, and in which the Group exercises management control, shall fall within the purview of the Group's biodiversity policy.
- At a minimum, all such Group companies shall comply with all applicable local and governmental legal/ regulatory obligations. In the event the Group feels that existing legal requirements are insufficient to cover the Group's operations, sound management practices and procedures will be applied to ensure that the biodiversity of the area is protected.

- The Group will share best practices with regard to the conservation of biodiversity within the Group and ensure that all relevant personnel are provided with the skills and knowledge to comply with the biodiversity policy of the Group.
- All Group companies shall monitor emerging issues and keep abreast of regulatory changes, technological innovations and stakeholder interests. The Group shall carry out and support projects that conserve and raise awareness about the importance of maintaining the integrity of essential ecosystems.
- The Group shall continue to work with the government, academia, non-governmental organizations, business associations and other interested stakeholders in striving to develop effective and sustainable legislature and solutions to minimize the impact on the biodiversity in the areas of operations.

### GROUP BIODIVERSITY CONSERVATION POLICY

The Group Biodiversity Conservation Policy reads as follows.

*"The Group shall seek to conserve, and where possible, enhance biodiversity of the locality through the adherence of local and Governmental laws and the implementation of best practices relating to conservation and protection of biodiversity in areas where operations of the Group are carried out.*

*The Group understands and acknowledges its responsibility in conserving and protecting the biodiversity of the areas it carries out operations, not only for the purpose of ensuring sustainable business, but to take care of the planet and preserve its diversity, beauty, resources and strength for future generations."*

### MANAGEMENT APPROACH AND CONSERVATION INITIATIVES CARRIED OUT

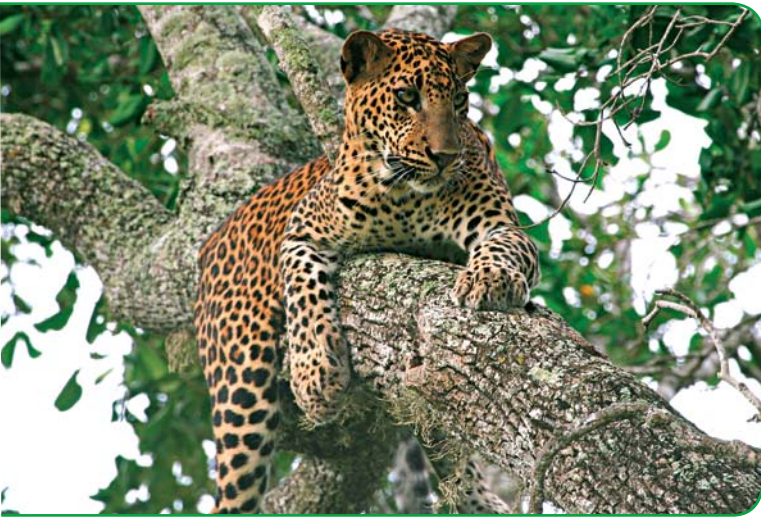
In line with the Biodiversity Conservation Policy and Management Guidelines, Group companies operating in close proximity to biodiversity hot spots and protected areas carried out their annual surveys through the Group's naturalist team "Nature Trails", and recorded the visible flora and fauna in the premises of each identified group company. This exercise enables us to continuously monitor any impact of our operations on the biodiversity of the surrounding environment. The annual survey recorded no significant deviations from the flora and fauna recorded in the previous year.

While ensuring that the biodiversity of the environment is protected, the Group also launched various projects and initiatives at various Group companies, with a view to conserving specific species of flora and fauna and to educate staff and the population in the vicinity, of the need for cohabitation between humans and nature as a whole.

## PROJECT LEOPARD

One such project that was carried out during the year was “Project Leopard” initiated by Yala Village, which is a conservation initiative to safeguard leopards that live outside the safety of the Yala National Park.

The project was carried out to create awareness amongst cattle farmers on the behavioural habits of leopards and the need to safeguard the leopard population in the area. The project entailed the construction of steel pens for cattle farmers who previously permitted cattle to roam free at night. During the year Yala Village was able to construct and handover three steel pens to farmers and



three more are planned to be handed over at the year end. This has enabled farmers to keep their cattle from falling prey to leopards, thus potentially reducing the human-leopard conflict.

This project has now gathered momentum with a partner company Exodus Travel Ltd from Europe also collaborating in the efforts to provide more steel pens to farmers.

The Leopard, which is the star attraction of the Yala National Park, was also recently the subject of interest for the National Geographic Channel, a premier channel owned by Fox Entertainment Group.

A group of cameramen from the National Geographic Channel flew down to Sri Lanka at the height of the drought to capture unseen footage of leopard behavior at night. The project began in July with the Group’s naturalist team, “Nature Trails” being the ground handling managers for this exclusive 47 day Nat Geo shoot. Special permission was sought from the Department of Wildlife to commence shooting within the Yala National Park at night. The observations made by the team have shed much light into the hidden world of the leopard at night, helping to understand the nocturnal habits of leopards.

## PRIMATE WATCH

Another conservation project launched by the Group was Project “Primate Watch”.

The “Nature Trails” team of John Keells Hotels Group in collaboration with the MSc Primate Conservation program at Oxford Brookes University, in the United Kingdom, successfully conducted ‘The Primate Watch’, a program aimed at studying the behaviour, environment and ranging patterns of the primates at Cinnamon Lodge Habarana and Chaaya Village Habarana, observing the interactions of these species with the staff and guests and promoting ‘Primate Tourism’.

## PIGEON ISLAND CONSERVATION PROJECT

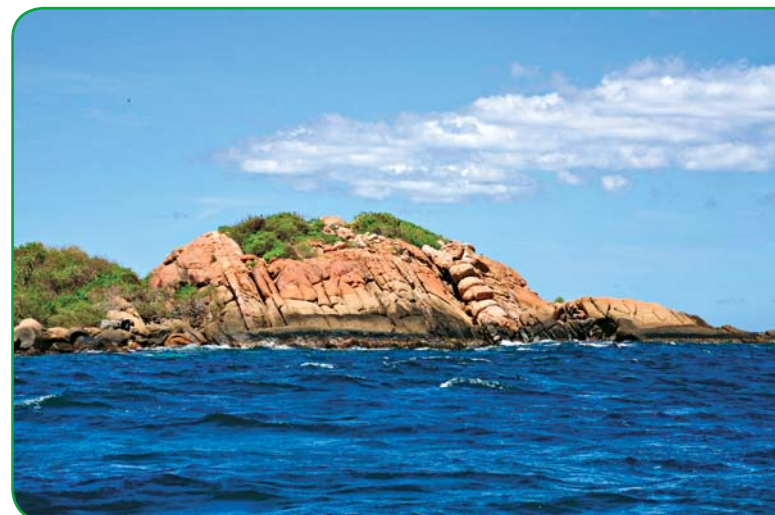
Pigeon Island is a haven for snorkelling enthusiasts to observe the rich coral reefs off the Island and is a popular tourist excursion point for many hotels operating in the vicinity.

Like many places of sensitive ecological interest, over visitation is threatening the very survival of its beauty.

The Chaaya Blu and naturalists team joined hands with the Department of Wildlife Conservation in erecting sign boards that advises visitors of behaviour that will destroy the natural beauty of Pigeon Island. Further, the Group’s Nature Odyssey team at Chaaya Blu also sponsored the placement of a line of buoys along the coral reefs at Pigeon Island, which will act as a barrier for speeding boats from damaging the fragile corals that are breathing new life here.

In addition to the above conservation efforts, Group Companies located in environmental sensitive areas, provided training to employees on the value of conservation of the flora and fauna in the vicinity of their location. Furthermore in keeping with the commitment to develop team’s professional capabilities, the resident naturalist at Chaaya Blu was trained on Open Water Diving.

In conforming with the ISO 14000:2004 standards, which require minimal pollution to the environment as far as possible, Walkers Tours Ltd obtained ISO 14000:2004 during the last year, becoming the first and only destination management company in Sri Lanka to be certified for both, ISO 9001:2008 Quality Management System and ISO 14000:2004 Environment Management System.



## ENVIRONMENTAL IMPACT

During the year several tree planting campaigns were also carried out among resort hotels, commemorating the World Environment Day and National Tree Planting Day. This was carried out in both Sri Lankan and Maldivian Resort Hotels.

In keeping with the slogan “Refreshingly Sri Lanka - Visit 2011”, Bentota Beach Hotel organized the first program of beach cleaning in Bentota, with the association of Bentota / Beruwela Hoteliers’ Association and Sri Lanka Tourism Development Authority (SLTDA). Employees from all the hotels, beach operators, beach vendors, community, as well as the Private sector, Government and Non-Government Organizations in the area took part in the event.

Celebrating the World Tourism Day on 27th September, Chaaya Village organised a “shramadana” (volunteer work) to remove weeds not edible by elephants in the Minneriya National Wild Life Park. This was at the request made by Wild Life Conservation Authority.

A campaign was also organised by the staff of Chaaya Village to clean the Habarana Lake by clearing all dirt and debris along the boundary of the hotel.

As one of the pioneers in organizing whale watching tours in the seas off the southern coast of the country, the Leisure Sector continues to work in collaboration with the Tourist Board and the Department of Wild Life Conservation in carrying out such operations. The Group is represented in a committee setup by the Government to draft guidelines to govern whale watching excursions in order to ensure the conservation and protection of whales and marine life. The “Nature Trails” team of naturalists based at Keells Hotels spearhead this initiative and they were also the first team to re discover the lost whales of Trincomalee on the East Coast after the cessation of hostilities.

The butterfly garden created by the Group’s naturalists at the Cinnamon Lodge continues to serve as an ideal habitat for local butterflies. The main objective of this project is to conserve and protect such species whilst simultaneously creating awareness about the significance of butterflies in protecting biodiversity amongst guests, employees and villagers, which in turn would help to protect such



species. This 5 acre butterfly garden was setup under the expert guidance of consultant lepidopterist, the renowned Dr. Michael van der Poorten and butterflies numbering over 30 varieties of species have been observed in the facility.

All Group companies continuously aim to reduce the use of water, energy and production materials used in operations and continuously work on reducing operational activities that pollute water, land and air and create noise levels which have a significant impact on the biodiversity of the area of operations.

### MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During the year in review, none of the John Keells Group companies were fined or levied monetary or non-monetary sanctions for non-compliance of environmental laws and regulations in any of the countries where operations of the Group took place.

The Group identified the companies that would be reported under by considering the nature of operations of such companies (Manufacturing, Warehousing, Bunkering and Hotels; and Offices & Retail) and the locality in which such companies are situated in. The locality was classified into the following areas,

- City / Urban
- Suburban
- Rural / Exotic Area / protected area.

Companies whose nature of operations fall within the Manufacturing; and Warehousing, Bunkering & Hotels; and where such companies are located in rural, exotic areas or close to protected areas were identified for reporting. These identified companies are depicted within the highlighted area of the following table.

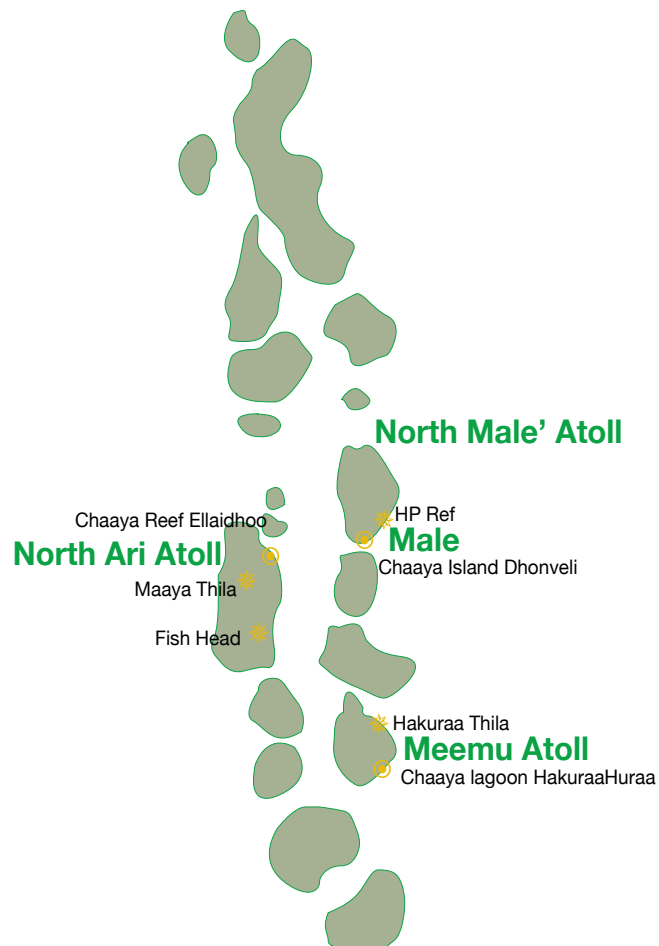


	Manufacturing	Hotels, Logistics & Warehousing, Tea Factories, Bunkering	Retail Outlets & Offices	
City & Urban Areas		Whittal Boustead Cargo Lanka Marine Services Cinnamon Grand Cinnamon Lakeside	Auxicogent International Lanka Auxicogent International Auxicogent International USA Auxicogent Investments Mauritius Quattro Business Support Services Infomate Information System Associates John Keells Computer Services UK John Keells Computer Services John Keells Software Technologies John Keells Office Automation John Keells John Keells Tea John Keells Properties Keells Realtors Whittal Boustead Real Estate Crescat Boulevard John Keells Holdings John Keells International John Keells Singapore Keells Consultants Mackinnons Keells Financial Services Mortlake John Keells Holdings Mauritius Facets	Walkers Air Services Mack Air Mack Air Services Maldives Mackinnons American Express Travel John Keells Air Services India Mackinnon Mackenzie & Co Ceylon John Keells Logistics India Mackinnon Mackenzie Shipping Keells Shipping JK Packaging Ceylon Cold Stores - Head Office Keells Food India Keells Food Products Mauritius JayKay Marketing Services Nexus Networks John Keells Stock Brokers Union Assurance Walkers Tours Whittal Boustead Travel Serene Holidays John Keells Hotels Keells Hotels Management Services John Keells Hotels Mauritius Auxicogent Alpha Auxicogent Holdings
Suburban Areas	Ceylon Cold Stores - Factory Keells Food Products	John Keells Logistics John Keells Logistics Lanka Transware Logistics		
Rural Areas / Exotic Areas / Close to Protected Areas		Coral Gardens Hotel Bentotal Beach Hotel Cinnamon Lodge Chaaya Village Hotel Bayroo (Land only) Chaaya Citadel Rajawella Hotels Chaaya Blu John Keells Warehousing Wirawila Walk Inn (Land only) Yala Village Hotel Hakuraa Huraa Maldives Hotel Alidhoo Maldives Hotel Ellaidhoo Maldives Hotel Dhonveli Maldives Tea Small Holder Factories		

## ENVIRONMENTAL IMPACT

Company	Geographic Location	Subsurface / underground land utilised	Type of Operation	Size of Site in Acres	Size of Site in Km <sup>2</sup>
John Keells Warehousing	Muthurajawela	Nil	Tea Warehouse	6.00	0.0243
<b>John Keells Group Hotels</b>					
Chaaya Village	Habarana	Nil	Hotel	9.34	0.0378
Cinnamon Lodge	Habarana	Nil	Hotel	25.47	0.1031
Chaaya Citadel	Kandy	Nil	Hotel	5.79	0.0234
Bentota Beach Hotel	Bentota	Nil	Hotel	11.02	0.0446
ChaayaBlu	Trincomalee	Nil	Hotel	28.24	0.1143
Coral Gardens Hotel	Hikkaduwa	Basement of 3600square meters	Hotel (under construction)	4.36	0.0176
Yala Village	Yala	Nil	Hotel	10.00	0.0405
Chaaya Lagoon HakuraaHuraa	Meemu Atoll Republic of Maldives	Nil	Hotel	13.42	0.0543
Chaaya Island Dhonveli	North Male Atoll Republic of Maldives	Nil	Hotel	36.96	0.1496
Chaaya Reef Ellaidhoo	North Ari Atoll Republic of Maldives	Nil	Hotel	13.75	0.0556

## LOCATIONS IN THE MALDIVES



 Protected Marine Areas

 Chaaya resorts

# LOCATIONS IN SRI LANKA

The locations highlighted in the table before, and their proximity to Biodiversity Hotspots and protected areas are depicted below.

