

MORE THAN JUST A WORKPLACE



Our achievements are the sigma of our people's achievements and we believe that the future of the John Keells Group is closely linked to the future of our people.



At John Keells we believe that our employees are a critical factor in achieving superior results. Employees are one of the key pillars of strength upon which our endeavors and success rest. In this context we endeavour to foster a work environment that is equitable and participative. We also see our employees' personal progression in their journey with the Group as a vital component in achieving results and constitutes most often than not the edge we will have in the market place.

Our human resource policies, practices and guidelines together with human resource structures established in every business unit of the Group allow an approach to achieve our people vision "More than just a workplace". The integrated ERP system, SAP HR acts as a strategic tool in driving performance through people throughout the Group enabling prompt decision making with utmost transparency.

TALENT ACQUISITION

Talent attraction, motivation and retention are the prime focus at John Keells. To augment our talent acquisition we apply multiple branding strategies which concentrate on external and internal talent attraction, growth and retention. This year our head count has grown by 5% in comparison to the last reporting year (2009/2010).

Trust and feeling of belonging are key to our employees who are an integral part of the fast growth phase we see for John Keells. To achieve this we have established transparent and proactive employee engagement programmes, given ample opportunities for career growth, and empowered employees for fast decision making, with accountability and measurement.

Sustainability Reporting	Employee number by category					
	AVP & Above	Mgr	AM	Exe	Non.Exe	Total Head Count
Consumer Food & Retail	15	62	99	231	2,622	3,029
Transport	10	26	26	172	135	369
Leisure	26	47	68	519	3,798	4,459
Information Technology	13	52	82	709	123	979
Other Centre Functions	21	21	23	43	19	127
Property	5	10	15	19	50	99
Plantations	7	22	7	41	926	1,003
Financial Services	19	196	176	366	364	1,121
TOTAL	116	436	496	2,100	8,037	11,186
	1.0%	3.9%	4.4%	18.8%	71.8%	

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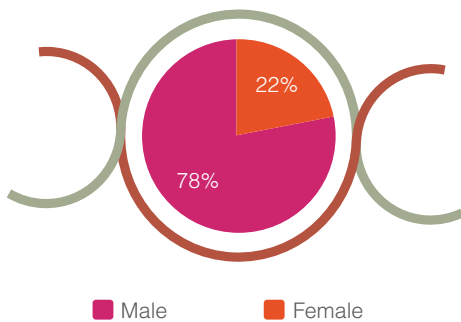


All employees of the Group are generally governed by a contract of employment. The Group has maintained the gender breakdown equivalent to that of last year. When considering the Group's composition of industries this reflects the industry and country norms. The Leisure and the Consumer Food & Retail groups due to the nature of their respective industries and businesses account for 33 per cent of the Group's contract employee base. Employee numbers set out in the chart comprise full time employees as per the relevant national legislation. 10 per cent of the total population is employed in overseas subsidiaries mainly from the Leisure and Information Technology sectors. However, this amount has reduced by 1 per cent due to the divestment of Cinnamon Island Alidhoo (Maldives)

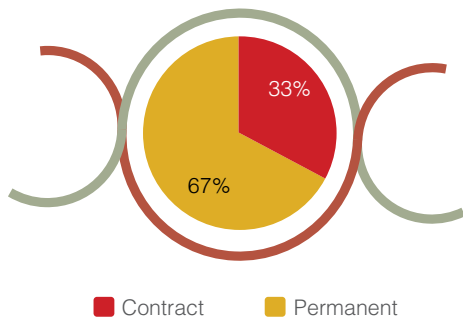
TOTAL WORK FORCE 11,186

EMPLOYEE POPULATION BY

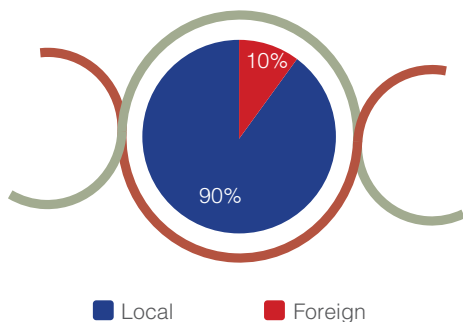
Gender



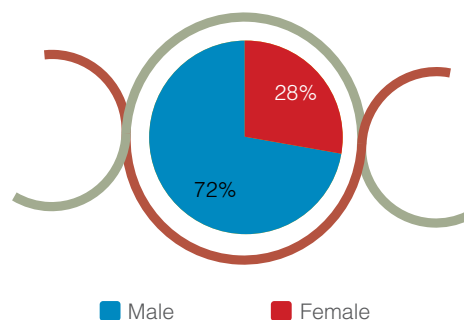
Type



Region



Attrition by Gender



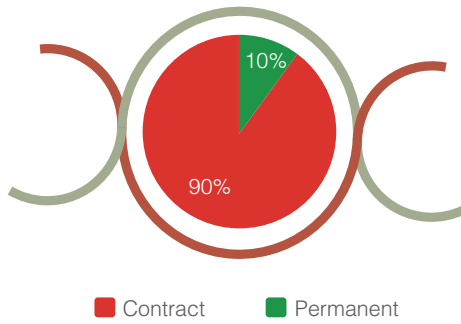
Employee Attrition Analysis

The attrition percentage has been reported taking into consideration employee type. The reason for such differentiation is based on the different strategies the Group uses to reduce or maintain the said attrition percentage as appropriate for such businesses.

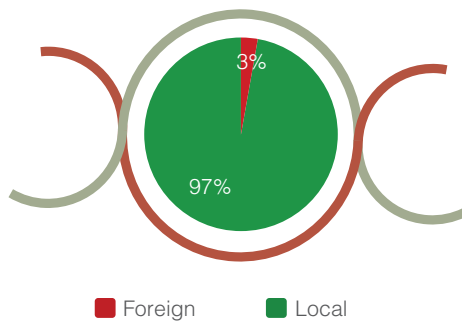
The permanent employee attrition percentage is at 24 per cent of which 9 per cent is from the Business Process Outsourcing (BPO) arm of the Group located in India. It is to be noted that high attrition in this industry is a norm. Likewise 6 per cent is contributed from Tea Smallholder Factories PLC at the level of factory employees. This percentage is considerably low when compared with similar businesses. The Group's permanent employee attrition rate is a single digit - 8 per cent.

The model used in the Retail Sector is to offer employment to youth of the rural areas of the country and offer them training in the retail industry and deploy them to the market with the end objective of making these youth more employable. This model fits well with the global pattern of students and part timers doing retail specific jobs, where the business expects a high rate of attrition. These employees together with the Leisure Group employees constitute a majority of the contract staff and the high attrition percentage of 71 per cent is attributed to these two areas of business. These are planned and expected attrition in the operating models of these businesses. Business units of the Information and Technology sector have introduced performance based schemes to reduce employee attrition whilst the Retail sector has introduced monetary schemes in the first few months of employment as a means of assisting employees.

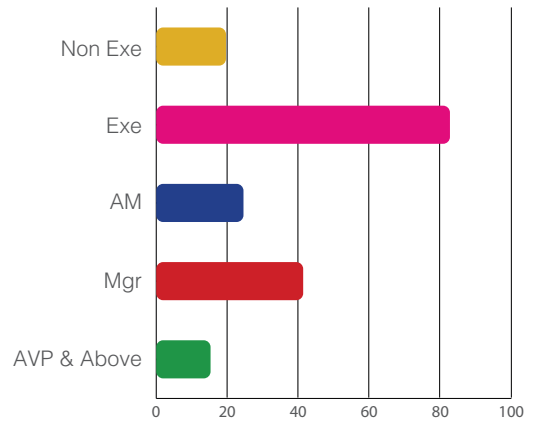
Attrition by Age



Attrition by Region



Training Hours



An age wise analysis of attrition has seen an improvement compared to last year in the age category 30-50. In the over 50 years age category, attrition has remained static. In the less than 30 years of age category attrition is seen in the sectors of Retail and BPO owing to the high number of employees within this age group who are part of their total employee population.

97 per cent of the Group's total attrition is from the local operations and attrition from the Foreign operations is 3 per cent of the total attrition. This is in proportion to the 90 per cent of the total Group staff employed locally.

LEARNING AND DEVELOPMENT

The John Keells Group continuously invests in improving employees' skill capacities to enable them to be ready for challenging opportunities and thereby strive for superior performance. The Group's employees have spent a total of 336,400 hours of training; this is a 32 per cent increase in comparison to last year's training hours. 30 hours on average has been spent by an employee on learning and development activities. These include business focus training, capability building, induction, development interventions carried out for employees to take up potential roles. More robust training hours capturing mechanisms will be introduced at non executive levels in the coming year to ensure all training done are captured accurately.

Stepping up from conventional instructor based training delivery methods, we brought in a combination of class room and E-learning platforms to the Group. A rigorous process of evaluation and customisation of E-Learning tools were carried out prior to implementation. We partnered with Harvard Business Publishing in India which is the corporate learning arm of the Harvard Business



School, a first in Sri Lanka to facilitate in these areas of training for the Group. Within a short span of 5 months evaluations, customisation and offering of 300 hours of training on-line was offered to group Manager level employees of the Group. The knowledge platform is built and designed in such detail that the participant could use the content and refer it to ensure day to day operational excellence over a period of time. This we believe is truly a continuous source of knowledge. For the coming years we have optimised plans of using this tool extensively to achieve a majority of our development offering to our employees. Planned programmes in the pipe-line are, the Manager Development Programme and the Leadership Development Programme (AVP/ VP) which will be delivering a total 1,100 on-line training hours in these categories.

In relation to capability development we hope to use the E-Learning platform to reach 1,000 executive and above level employees over a period of 12 months.

For middle management levels a customised programme will be offered taking into consideration the expected level of competency and the technical skills required. This would be an 80 hour programme per participant and will be a repetitive development item every year in the training calendar.

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LEISURE GROUP LABOUR INITIATIVES

With Sri Lanka on the verge of transcending all other destinations to be THE most sought after tourism destination in the region, John Keells Hotels the largest hotelier in Sri Lanka has set the trend to ride the wave of the tourism boom and strived to create a new and exciting experience for the travellers who patronise John Keells Hotels.

John Keells Hotels embraced the "Future" by launching its new vision "We Will Always Be The Hospitality Trendsetter" and the five pledges for the Leisure Group in November 2010. The new vision and the pledges were introduced to the associates at a gala event, which also emphasised on the exciting future that lay ahead for the Group.

Living by the new vision of being the "Hospitality Trendsetter", the John Keells Leisure Group embarked on a series of Human Resource interventions, where some of which were first of its kind in the Sri Lankan hospitality arena.

Human Resources development was identified as the key in meeting the demands of the global travellers and with this view, the John Keells Leisure Group tied up with the Emirates Academy of Hospitality Management (EAHM) of the Jumeirah Group, which has an academic association with Ecole hôtelière De Lausanne (EHL), Switzerland the oldest hotel school in the world.

The John Keells Leisure Group entered into a memorandum of understanding with EAHM for a three year period to develop the skills and competencies of the associates and to standardise selected processes to be aligned towards the new vision.

As the first phase the company selected 278 associates across all levels and sent them on a "Mind Opener" programme to Dubai at the Emirates Academy of Hospitality Management, where they were taken through a combination of classroom training on their area of specialisation, plus a study tour/exposure in the some of the top class hotels in Dubai such as Burj Al-Arab, Atlantis and Hyatt Regency etc.

Specific programmes such as Butler Service, Wine & Spirits Appreciation and Sales & Reservations were also conducted in Sri Lanka and Maldives by a panel of lecturers from EAHM to selected executives and associates.

A team of professionals from EAHM under took a comprehensive study on the current "Standard Operating Procedures (SOP's)" practiced in the JKH hotels and re-defined some of the SOP's to be aligned towards the new vision and the pledges, and lesson plans were developed accordingly.

A four day workshop was held for the Master Trainers of the Leisure hotels by EAHM in order to develop their train-the-trainer skills to develop departmental trainers (TAD). They were trained on designing & delivering effective and interactive training sessions to groups of people, adult learning techniques, linking the training to organisation's goals, measuring the effectiveness of training, etc.

Further a group of TAD trainers comprising of executive as well as associate level staff were identified from each business unit through a rigorous evaluation process based on their competencies and ability to train people, and they will be trained by the Master Trainers to take leadership roles in rolling out the SOP's as per the lesson plans to all associates and thereby delivering the brand promises.



A new competency framework was developed to support the new vision and pledges of the Leisure group which will sit along with the John Keells Group Competency framework. Currently the John Keells Group competencies are aimed at the executives and above level, and the Leisure group has taken a step further by developing competencies even to the associate levels and are intending to roll out the new competencies within the next financial year.

As part of the ongoing human resources initiatives in the Leisure group, a three year plan has been formulated in line with "Building People, Systems, Processes and capabilities", which will be rolled out in the next three years.

The Leisure group is planning to conduct employee surveys on an annual basis, with the view of making the John Keells Leisure Group the most preferred employer.

The 360 degree feedback process was introduced to Manager and Assistant Manager levels this year. This was originally done for the Assistant Vice Presidents and above level in the John Keells Group.

The merits of the Learning Management and Talent Management Modules in the SAP system will be reviewed and incorporated to the current system.

The access to Information Technology was identified as a key element in the "future" journey and the Leisure group has taken a major stride in developing the IT skills of all the associates. As a first phase the group has launched the Leisure Portal, where Kiosks were made available in each business unit to enable the associates to view group news, share ideas & information and update their knowledge on the current affairs, with free access to internet.

Further the company is intending to bring in the e-learning platform into the portal, where the e-learning materials and online programmes will be made available for the associates for flexible learning.

We consider receiving constant feedback from our employees a vital process in realising our people vision, "More than just a work place". This year we conducted a Group-wide employee survey for executive and above staff of the entire Group and for non executive employees in certain businesses where the head count is high in January 2010. The response rate received was at a remarkable 90% and this in

itself gave credence to the effectiveness of employee engagement strategies used within the group.

“The Great Place to Work – Trust Index” was the tool used keeping in mind the global benchmarks it provided and the fact that the same survey tool was used in the group in 2003 and 2005. This intervention involved a survey based on a question and answer methodology and focus group discussions, which were conducted by the survey provider, Great Place to Work Institute – India. Based on the results, currently action planning is underway to build on the strengths and take appropriate steps to address concerns and these plans will be implemented during the year 2011/2012.



COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Employees covered by collective bargaining	
Total number of Employees	11,186
Consumer Food and Retail	1,466
Leisure	115
Plantation Services	912
	22.20%

Formal and informal types of collective bargaining are prevalent in the Group. Formal collective agreements are found only in the Consumer Foods sector and John Keells PLC of the Plantation Services sector. The Tea Small Holder Factories in the Plantation Services Sector is not a signatory of a collective agreement but the company follows the same structure governing the plantation industry of Sri Lanka with regards to terms and conditions of employment. “Joint Consultancy Committees”, “Welfare Committees”, “Business Improvement Committees”, and “Junior Operating Committees” namely are forums which are prevalent within these businesses. These forums ensure enhanced communication, encourage improvements to systems practices at all levels and is a constant enabler of employee engagement.

The Group has, over the years, implemented many enablers to encourage employee engagement within the group. Young forums are held with the Chairman and the Executive Directors

and the youngest at every level from Executive level upwards every 2 months. Similar Young Forums at a Sector level with the President and Executive Vice Presidents, “JK Connect” which is an E-communication channel, open door policy and skip level meetings are also a few other strategies adopted within the Group.

Our policy on freedom of association and collective bargaining allows formal and informal types of collective bargaining within the Group.

We strongly believe in the concept of all supervisors “socialising” performance management and interacting with their colleagues and direct reports with regards to performance, grievance resolution, and motivation and building relationships. Towards enabling this interaction we have institutionalised certain frameworks, encouraging informality at all times. Whilst employees do receive constant feedback during the year, formal feedback will be given at two intervals in the year at midyear and at the year end appraisal. The imperatives to be addressed in these sessions will be performance; behavioral competencies, career aspirations and development needs. All of our employees are governed by this process.

At certain non executive levels, where they are governed by a collective agreement, a formal process of performance appraisal will not take place. However depending on their role efficiency, productivity related feedback will be given. Mentoring of our employees happen as a part of the performance management system and a person from the highest leadership levels mentor employees to enhance their effectiveness, preparing them for roles at John Keells and making them ready for future roles.

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