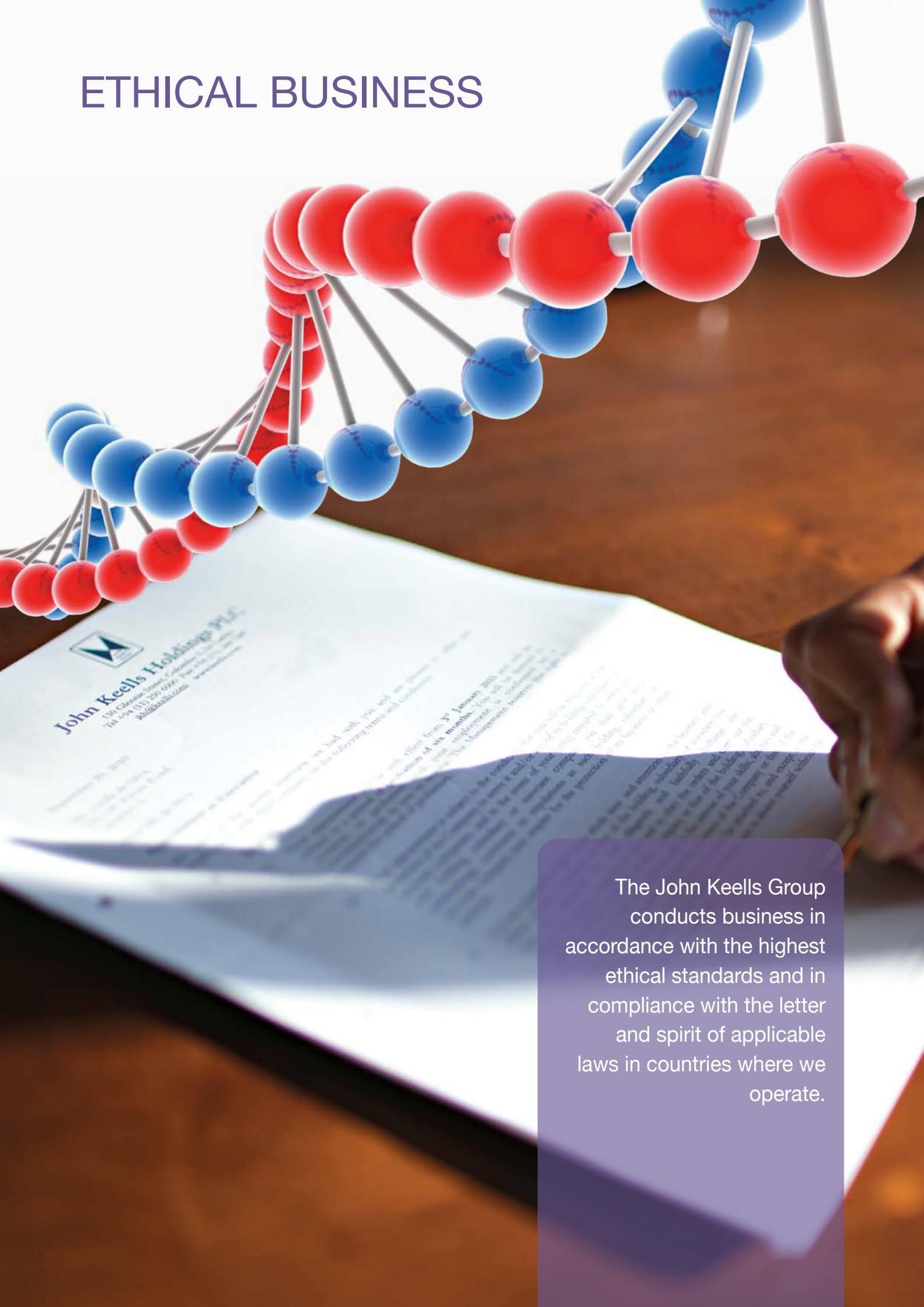
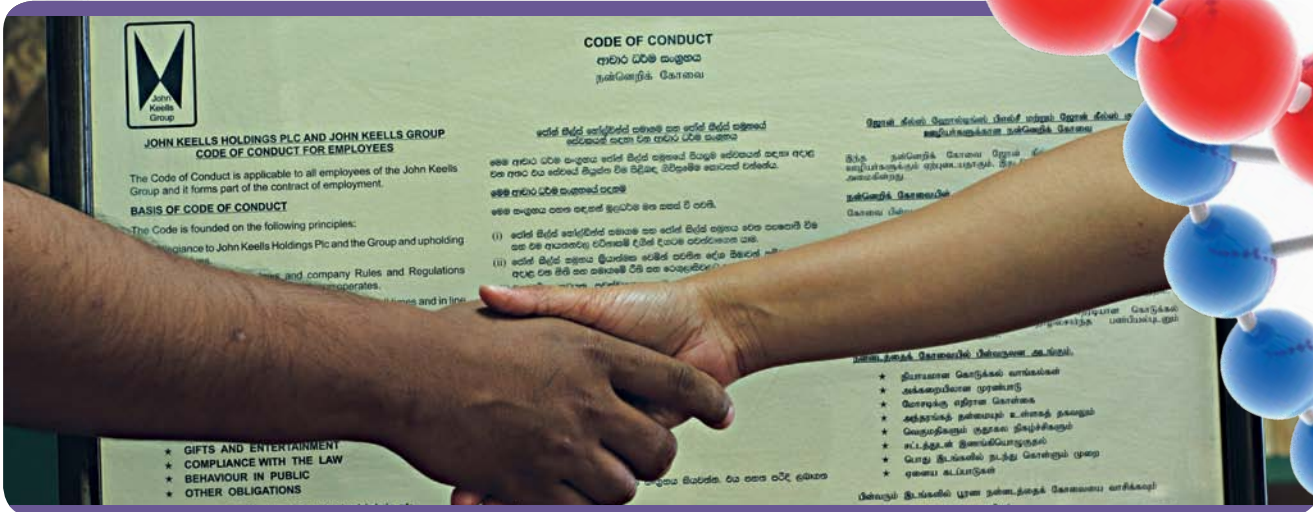


ETHICAL BUSINESS



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The John Keells Group conducts business in accordance with the highest ethical standards and in compliance with the letter and spirit of applicable laws in countries where we operate.



POLICY ON CHILD LABOUR

The John Keells Group does not engage children in employment. As a general practice, the Group does not employ any person below the age of 18 (eighteen) years at the workplace.

A strong commitment to upholding the universal human rights of all individuals has been inherent in the John Keells Group throughout its existence. We have imbued the values of “doing the right things, always”, “fostering a great place to work” and “building strong relationships based on openness and trust” by ensuring that through our actions we demonstrate our commitment and respect for all our stakeholders. This commitment has translated into the management systems and processes which govern our businesses.

CHILD LABOUR

The John Keells Group’s standard on the minimum age for admission to employment is more stringent than the applicable statutory definitions as well as the ILO conventions.

The Human Rights Task Force worked on consolidating the process of institutionalising the John Keells Group policy on child labour by assisting the Group’s business units in identifying the respective goals and targets and advising respective sector representatives on potential issues, whilst continuing to monitor progress through systematic reporting processes verified through a quarterly compliance checklist.

The above processes confirmed that the risk of child labour is very remote at the John Keells Group. Companies within the Group already have in place best practices relating to observing and verifying the minimum age of employment and no case of non-conformity has been detected so far. The processes relating to recruitment and selection require verification of age with reference to the original birth certificate and National Identity Card of the employee and, in certain cases, school leaving certificate as well as maintaining copies of same in the personal file. In addition, in the Consumer Foods Sector, where outsourced labour is engaged in certain instances such as to meet seasonal requirements or cover absenteeism of company staff,

multiple controls are in place to ensure strict compliance by labour suppliers. So far, no case of non-conformity has been detected.

Meanwhile, steps were taken during the year under review to address the issue of employment of young workers by a few companies of the group as disclosed in the 2009/10 Report. Accordingly, in keeping with the Group policy on child labour:

- *Jaykay Marketing Services (Private) Limited (JMSL)*, the operator of the Keells supermarket chain, which stopped recruiting any new staff below the age of 18 from 1st May 2009, had only 15 trainees who were below 18 years of age as at 31st March 2010, and by October 2010, all 15 of them were 18 years or more. Whilst HR departments have been conducting audits to ensure adherence to this policy of non recruitment, strict instructions were given to Outlet Managers to adhere to requirements pertaining to the employment of young workers as per applicable law, until such time as the said trainees turned 18.
- It has been verified that the Leisure group also does not employ any person below the age of 18 years. The trainees who are engaged by some of the resorts managed by John Keells in the Maldives who are below the age of 18 and attached to the John Keells School of Hospitality in the Maldives fall within the scope of interns with the duration of such internship lasting no more than a maximum of three months.

During the year under review, the following issue was also noted:

- *Tea Smallholder Factories PLC*, in one of its operational units, employed five young workers in the age category 16 to 18 years during the season on casual basis, necessitated by the extreme shortage of workers. These workers were employed subject to the policy guidelines given by the Employers’ Federation of Ceylon on employment of persons in the said age

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category. Three of the five employees will reach the age of 18 years during the course of 2011 and the other two in January 2012.

FORCED OR COMPULSORY LABOUR

Policy on forced or compulsory labour

No employee of the John Keells Group is made to work against his/her will, or subjected to corporal punishment or coercion of any type related to work.

During the year under review, the Human Rights task force also worked on consolidating the process of institutionalising the John Keells Group policy on forced or compulsory labour by assisting the Group's business units in identifying the respective goals and targets and advising respective Sector representatives on potential issues. The task force also developed a checklist to guide the Group's business units in responding to the questionnaire on forced or compulsory labour (adapted from the ILO's handbook for Employers & Business), whilst continuing to monitor progress through systematic reporting processes verified through a quarterly compliance checklist.

The processes confirmed that the risk of forced or compulsory labour is insignificant at the John Keells Group and its subsidiary companies. So far, no case of non-conformity has been detected in companies within the Group except the following.

Working hours of female employees of JMSL attached to supermarkets can extend upto 11 p.m. (which is beyond the statutory limit of 10 p.m.) consonant with an industry practice prevalent in Sri Lanka. The supermarket retailing industry has raised this issue via

the Employers' Federation of Ceylon (EFC) as an industry practice which requires an amendment to the Shop and Office Employees Act. EFC has in turn been lobbying this issue with the Ministry of Labour and Labour Relations over time. A written representation has been made in regard to the need to the Minister by the EFC stating that reforms are imperative for the country to compete in the international markets and remain competitive and that the existing restriction under the Shop and Office Employees Act is counterproductive, especially where females constitute a substantial portion of the majority in the service sector. A decision in this regard is pending at date of this report.

As regards to training, especially where the training cost is significant, companies within the Group also ensure that employees are required to understand and agree that they will work an adequate duration which would not exceed the value of the training.

Employees who work beyond normal hours are compensated by means of overtime or variable pay payments as appropriate and are also supported with meals and transport facilities in compliance with applicable laws and industry best practices.

NON-DISCRIMINATION

Policy on equal opportunities

The John Keells Group is an equal opportunity employer. Accordingly, the group is committed to hiring, developing and promoting individuals who best meet the requirements of available positions, possess the required competencies, experience and qualifications to carry out assigned tasks and have the potential for growth within the organisation; and has put in processes and systems that ensure the same.

In keeping with its policy on equal opportunities for all, the Group is committed to maintaining workplaces that are free from physical or verbal harassment or discrimination on the basis of race, religion, gender, age, nationality, social origin, disability, political affiliation or opinion. John Keells Holdings PLC is a member of the Employer Network on Disability of the Employers' Federation of Ceylon and as such, promotes the employment of differently abled persons within the Group. The Group also has a comprehensive process in place regarding the prevention of sexual harassment. During the year under review, the Group's policy on Ombudsperson was revised to provide employees the choice of referring a matter relating to sexual harassment either to the Ombudsperson or to the internal committee appointed for the purpose in the first instance.



Meanwhile, the Group policy on equal opportunity was also in operation via continued use of related texts in corporate advertisements as well as forms used in the recruitment process which draw attention to the relevant Group policies. During the year under review, the Group also adopted and disseminated a guideline on recruitment of differently-abled individuals.

ANTI-CORRUPTION

Management approach and guidelines for corruption

The John Keells Group conducts business in accordance with the highest ethical standards and in compliance with the letter and spirit of applicable laws in countries where we operate.

Anti-corruption Policy

The John Keells Group places the highest value on ethical practices and has promulgated a zero tolerance policy towards corruption and bribery in all its transactions

The Group upholds the distinction of being identified by its peers as Sri Lanka's most respected entity for the fifth consecutive year, in the annual nationwide survey, conducted by 'Lanka Monthly Digest' (LMD).

The Group has also defined a three-pronged approach which further mandates the policy through a transparent control and prevention mechanism:

1. Educate

The John Keells Code of Conduct for executives encompasses rules regarding bribery and corruption and is circulated to all executives at the time of their induction. Each employee signs off on his/her Letter of Appointment which refers to compliance at all times with the rules, regulations, policies and procedures that shall be in force. Code of Conduct and the JK value statement is available on the JK portal and it is flashed on the home page of the employee portal every Monday as a reminder. Compliance with this code forms part of the John Keells values and furthermore, each employee is assessed bi-annually on whether he/she embraces these values. This is an integral part of the employees Performance Appraisal and evaluation which is considered for their Compensation and Benefits as well as career development. Non conformity to the code of conduct would lead to disciplinary action and could even involve dismissal.

2. Enforce

- The group expects and encourages employees to bring to attention any breach of the code and it is guaranteed that no employee would suffer as a consequence of reporting such a breach.
- A multi-channel formal process of communication has been established. This includes chairman direct, BU specific grievance handling process, Ombudsmen service and a sexual harassment committee.

- All companies and functions have a process to prevent / reduce the risk of corruption e.g. procurement process, authority levels as per the group operating model (February 2005), reporting requirements etc.
- All business units carry out a risk evaluation matrix for their business in the form of a risk matrix.

Corruption is included as a specific section in the risk grid

3. Evaluate

The above stated policies and their implementation and review, are taken up formally on a regular basis at sector committee meetings or group management committee meetings as relevant. In addition independent internal audit reviews are undertaken to ensure compliance with the processes. The findings of these committees are documented for analysis.

When considering the current reporting boundaries of 73 companies, it is evident that these companies are analysed for risk resulting from the conduct of employees and further subjected to independent audit reviews. Therefore, the group is **100% compliant** when considering the percentage of business units analysed for risk related corruption.

Through our transparent and fair practices in all our dealings we have been able to establish mutually beneficial relations with our suppliers, customers and business partners. Through our communication and practices we strive to encourage our partners to adhere to business principles.