

PRODUCT STEWARDSHIP



John Keells Group continues to be aligned with customer expectations, through continuous improvement and maintaining the highest standards.



PRODUCTS AND SERVICES POLICY

The John Keells Group will strive to maintain products and services at the highest standards through embracing industry and corporate best practice and compliance with all relevant local and international statutory and regulatory requirements in the markets we serve. All products and services will seek to identify and assess any environmental and social impact through their communications, services, operations and supply chain.

Products and Services are the lifeblood of the John Keells Group. The activities in these areas not only influence the economic performance but also impact the society and the environment, thus, has a very close relationship to Triple Bottom Line reporting. In addition, the production and marketing outcomes could impact any and all of our Stakeholders, and the shift in our business philosophy from 'Shareholder Value' to 'Stakeholder Value' now holds us in good stead. Since many of the impact areas have been covered elsewhere in this Sustainability Report, the area under reference in this section will be "Product Stewardship". With our extensive range of products and services continuing to grow alongside the diversification of our group, and as new items are added to this range, an equal focus of Product Stewardship is applied to the new range. The John Keells Group continues to be aligned with customer expectations, through continuous improvement and maintaining the highest standards.

During the year business units of the Group established and documented goals and targets with respect to product responsibility. Different methods of tapping the information to ascertain whether these goals and targets have been met, as well as have been

adopted. These have also been integrated into the current business processes, and their achievements monitored closely.

In our last report, we commented that labelling of our products and services would meet with stringent guidelines of Statutory, regulatory and market requirements. These are firmly entrenched in our processes, and business units continually assess the need for new and additional information on labels that will help our customers to make informed purchasing/sourcing decisions on one hand, and meet the above requirements, on the other. The Consumer Food and Retail industry group continued to improve information through labelling. Accreditation from standard bodies continued to be maintained, enhanced or included, which also brought dividends through improved performance of internal processors. In the Hotels sector, "Crescenting", a certification issued by the Singapore-based Organisation bestowing the 'Halal-Friendly' rating to Cinnamon lodge Habarana enables the hotel to cater to the 'sensitivities' of the emerging Middle Eastern clientele.

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Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements				
	Sourcing of components	Content or substances with environmental and social impact	Safe use of product or service	Disposal of the product
Yes	17	16	20	12
No	59	60	56	64
Total Companies	76	76	76	76

The table above represents the level of compliance. The numbers represent the companies that have provided the responses.

The table above also includes companies which are Holding companies, Investment companies, Managing companies, Non-operational, Land only and Rental of office spaces.

Furthermore the task force strives to enforce a common template and guideline which would be adoptable by all companies in order to achieve a more accurate implementation of the above. It is also noteworthy that the Green Globe certification of Hotels in the Leisure sector will further discipline the operations in terms of accurate and detailed labelling through higher standards in sourcing of component, identifying hazardous content or substances, safe use and proper disposal.

LEISURE INITIATIVES IN PRODUCT RESPONSIBILITY

The biggest fear in food safety is food poisoning. The hotels in the John Keells Group have had considerable success tackling health and food safety because we have developed programmes and policies that not only relate to the introduction of minimum quality standards and standard operating procedures, but are also aimed at educating our employees continuously. Other factors that drive momentum include regular training and employee motivation.

Motivation that resonates towards innovation such as the creation of a 'Diabetics Menu' by Cinnamon Grand Colombo, introduced on 14th November to coincide with 'World Diabetes Day. The menu of

over 30 dishes, available at Cinnamon Grand's several restaurants is a response to provide menu choices to guests with diabetes and to enable them make an informed smart choice, whilst not taking away the enjoyment of tasting good food. The Diabetic menu was compiled with the assistance of dieticians, doctors and other luminaries to the effect that each item on the menu details the total amount of calories, fat, protein, carbohydrates, fiber, cholesterol and sodium so that guests know exactly what they are consuming. This is a veritable healthy option to healthy eating for those with or without Diabetes.

Another similar initiative is where Cinnamon Lodge Habarana plans to soon include dishes made of 'organic' food in their fine-dining restaurant menu. The hotel has visited and discussed with several farmers in the region, methods of cultivation that will ensure fresh vegetable produce that can truly be labeled 'organic'. Eleven farmers who have given a commitment to adhere to the principals of growing organic food, consequent to a series of visits that involved inspections, dialogue and assurances, have been selected, and will be the main source for the hotel's requirements.

Our hotels continue to pay maximum attention to issues surrounding product responsibility-especially focusing on the three key factors: supply chain, energy usage and product assurance. Monitoring and auditing is regularly undertaken, as is the bringing in of the self-assessment by each hotel component which has strengthened the overall monitoring procedure of their supply chain, with the ultimate goal of ensuring that food and beverage served to all our guests is always labeled as safe to eat.

GROUP'S PROCESSES WITH REGARD TO MARKETING COMMUNICATIONS

In marketing communication, the International Chamber of Commerce code of Advertising and Marketing Communications became more entrenched, as business units explored the code and ensured compliance. At the same time, the special committee appointed to validate media advertisements, was called upon to evaluate a larger number of such communications and ensured that the code was not compromised, whilst also ensuring that the communication went across in a socially responsible manner, to the community at large. They have looked to ensure that the communication is not misleading, that it is honest and setting a high ethical standard.

All companies are expected to conform to a set of guidelines extracted from the International Chamber of Commerce Code of Advertising and Marketing Communication Practice, with all businesses expected to comply with this code. The guide clearly explains how information should be communicated to the relevant stakeholders and the companies are expected to strictly uphold



the code. A special committee evaluates and validates media advertisements to ensure compliance with the above guidelines.

A periodic review of these activities is expected according to the frequency and volume of activity. All companies indicate 100% compliance to this process and is reviewed periodically. To further strengthen the commitment, business unit Heads submit a statement indicating compliance to this code.

The next step in this initiative is to get companies to report on Non-compliances and incidents regarding this. The code covers the following aspects of Marketing Communication making sure that businesses comply. These can be broadly categorised into the following areas:

- to demonstrate responsibility and good practice in advertising
- to enhance overall public confidence in marketing communications
- to respect privacy and consumer preferences
- to ensure special responsibility as regards marketing communication and children/young people

In addition to this code there are procedures laid down for Marketing Communication implemented through the John Keells Committee on Advertising. The Committee's mandate is to screen advertising campaigns proposed by group businesses for socially insensitive/unethical/irresponsible advertising using the provisions highlighted in the ICC Code's General Provisions on Advertising and Communication Practice as a guide.

COMPLIANCE WITH RULES AND REGULATIONS ON GROUP PRODUCTS AND SERVICES

All business units have closely monitored whether any fines were imposed on them, as per compliance with rules and regulations on the Group's products and services setting a zero figure as their target.

Although there are many ways in which product and service excellence can be measured, one key fact is to quantify incidences of not meeting customer expectations in terms of products and services. Being focused on a diverse number of areas requires a close look at the level of service and compliance to regulations.

The overall performance of each company in this regard is measured by mandating the Business Units to divulge occurrences of fines that are significant. The businesses are also required to maintain a list of all fines within a financial year.

The threshold limit of significant fines for a business was set at Rs. 1.0 million and if so required a declaration of the same to the task force. On analysing the performance in the area of significant fines, only one company which represents just over 1% of the overall companies have reported an instance of such, which amounts to a total of Rs. 1.5 million within the reporting period. Although this is a significant achievement, it requires further improvement in terms of reducing the number of fines further to ensure a better class of service to all customers. It is the firm belief of the task force that tracking and reporting these incidences to a wider audience will improve the accountability of a business unit and further enhance its image as a responsible business entity.

An innovative approach to educate Public Health Inspectors was initiated by Keells Foods. This involved improving the knowledge of Public Health Inspectors on the manufacturing processes and was conducted throughout the island. Initiatives such as this improve the relationship that the organisation has with the public sector which creates a win-win scenario.

