

# WHAT IT MEANS

## SUMMARY OF THE SUSTAINABILITY REPORT

Based on the commitment made by senior management in the previous year and learning gathered through intensive studies conducted by our task forces within the various Global Reporting Initiative (GRI) categories, John Keells Holdings (JKH) decided to publish a stand-alone Sustainability Report based on the GRI-G3 framework this year. The following is a summary of the Sustainability Report, which is available on CD ROM as well as on the Sustainability page of [www.keells.com](http://www.keells.com).

### Reporting boundaries

The key topics highlighted by the comprehensive report are 'Economic contribution', 'Environmental footprint', 'More than just a workplace', 'Social commitment' and 'Customer centric'. The report covers all activities of the John Keells group with primary focus on the businesses over which we have control. This specific category includes the companies in which JKH has a majority stake or management control (decision making). For the scope of this report, 37 companies have been selected on the criteria of management control, thus, focusing on a systematic sustainability deployment throughout the value chain in time to come.

When considering the indicators selected for detailed analysis, it was decided to be prudent and further complement our stakeholders and the organisational strategy. Therefore, the indicators have been reported as per sector, considering the boundary and scope as mentioned earlier. However, the economic indicators would represent the entire group and not be subjected to the above limitations. Much focus was directed to having a robust process with a responsibility delegated to senior management, as per the relevant scope determined. As this is our first report, there are no re-statements of information or other significant changes arising from previous reports.

A summary of the indicators discussed in the Sustainability Report is mentioned below.

### Group sustainability policy

Sustainable Development is a globally accepted approach to sustaining economic growth without harming our planet or exhausting its resources while improving the quality of life for its current and future inhabitants. Long-term value creation for our varied stakeholder groups depends on the sustainability of the performance of our businesses, our environment and the communities in which we operate. In this endeavour, we are committed to achieving the highest standards of corporate citizenship.

### Our policy

- The group will strive to conduct its activities in accordance with the highest standards of corporate best practice and in compliance with all applicable local and international regulatory requirements and conventions.
- The group monitors and assesses the quality and environmental impact of its operations, services and products whilst striving to include its supply chain partners and customers, where relevant and to the extent possible.
- The group is committed to transparency and open communication about its environmental and social practices in addition to its economic performance. It seeks dialogue with its stakeholders in order to contribute to the development of global best practice, while promoting the same commitment to transparency and open communication from its partners and customers.
- The group strives to be an employer of choice by providing a safe, secure and non-discriminatory working environment for its employees whose rights are fully safeguarded and who can have equal opportunity to realise their full potential. All group companies will abide by national laws and wherever possible will strive to emulate global best practice governing the respective sectors, seeking continuous improvement of health and safety in the workplace.
- The group will promote good relationships with all communities of which we are a part and enhance their quality of life and opportunities while respecting people's culture, ways of life and heritage.

### How we do it

All companies in which JKH has a controlling interest will be subject to this policy as per the relevance to their business.

Through frequent awareness and integration of sustainability within the organisation, we will encourage other companies in which we have a significant influence, either as supply chain partners or otherwise, to implement similar policies.

This broad policy statement will be complemented internally with more detailed and specific guidelines, procedures and codes governing all areas of sustainability practices to be adopted throughout the group.

We will encourage and empower our staff to be proactive on sustainable performance, at work, at home and in the community.

We will monitor our performance against a progressively stringent yardstick and report periodically as per the GRI framework and review policies, practices and targets pertaining to sustainability through the feedback received via regular and ongoing stakeholder engagements.

### Our stakeholders

The John Keells group, as a diverse conglomerate, inherently networks with a wide array of stakeholders. Each sector has its own stakeholders, whose criticality and importance could vary. The rationale behind the selection of stakeholders was initially to identify all stakeholders within each sector and then rate them on their influence and legitimacy towards the organisation. Each sector was then collated to obtain the final identification of the most significant stakeholders for the group during the given period, which the organisation would ideally address through its first Sustainability Report, in line with GRI-G3 requirements.

Furthermore, the 12 indicators selected for reporting purposes would also complement the stakeholder group in addressing common issues as well as the commitment made by the organisation towards the following stakeholders in the coming year.

- Community
- Employees
- Regulators and Government
- Shareholders
- Consumers

### Discussion of indicators

#### Economic contribution

As a responsible corporate entity, the John Keells group is distinctly aware of its responsibility in the area of financial performance, towards all its stakeholders. The economic policy of the group is therefore geared towards a sustainable growth and performance. The following GRI indicators are discussed in detail in our Sustainability Report:

EC1. Economic value generated and distributed

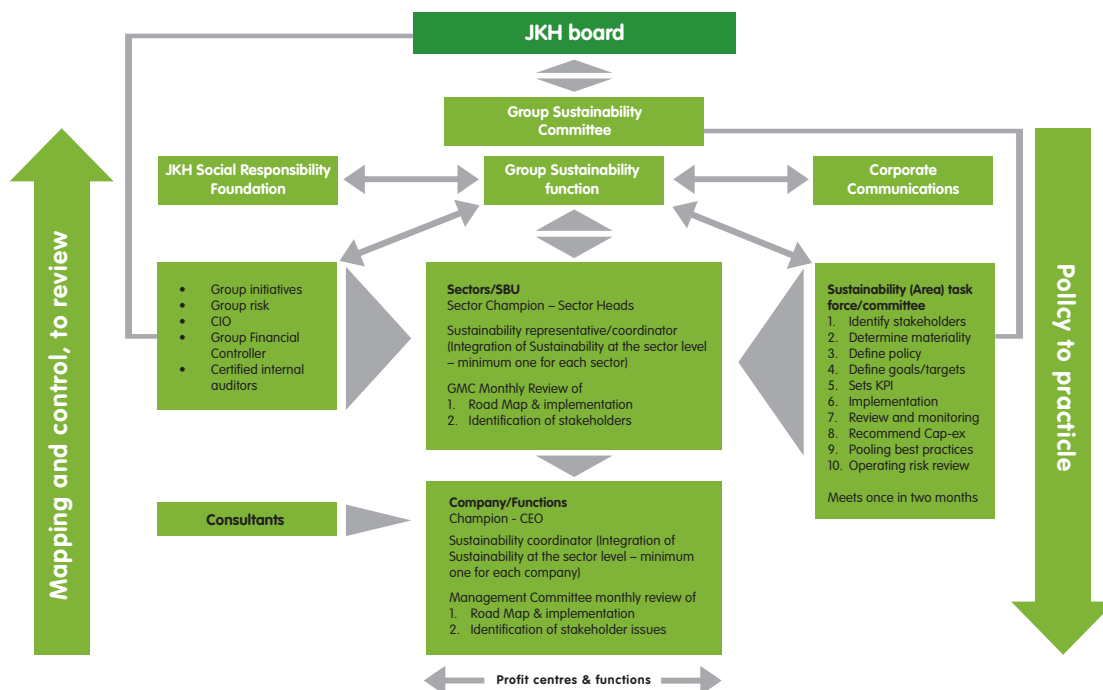
EC3. Coverage of the organisation's defined benefit plan obligations

#### Environmental footprint

The John Keells group is committed to promoting sound environmental practices within its key businesses. With regard to its environmental footprint, the John Keells group decided to focus on two main topics in this report - namely, energy and biodiversity.

Therefore, this chapter elaborates on the group's performance and impact with regard to the above mentioned. For the past financial year the group reports indicator EN3 - Direct energy

### Change for the B E S T - Structure\*



\* BEST: Building an Equitable and Sustainable Tomorrow

consumption by primary energy source and EN4 - Indirect energy consumption by primary source in the comprehensive report. E11 - Location and size of land owned, leased, managed in, or adjacent to, areas protected / high biodiversity value outside protected areas are also discussed in detail in our Sustainability Report.

### **More than just a workplace**

Creating a safe, secure and conducive environment for our stakeholders - particularly our employees - is a high priority for the John Keells group. In this light, we have formulated policies on health and safety, freedom of association and collective bargaining, child labour, forced or compulsory labour and discrimination.

John Keells 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. The group also has a comprehensive policy in place regarding sexual harassment.

Indicator LA1 - Breakdown of total workforce by employment type and by region and LA 4 - Percentage of employees covered by collective bargaining are detailed in our Sustainability Report.

The comprehensive report also contains the details of JKH practices as required by HR 6 - Operations identified as having significant risk for incidents of child labour, and measures taken eliminate of child labour; and HR 7 - Incidents of forced or compulsory labour.

### **Social commitment**

A strong commitment to society and the environment has been inherent in the John Keells group throughout its existence. This commitment has translated into our sponsorships and community investment programmes, our staff engagement with the wider community through voluntary service as well as our ongoing dialogue with our stakeholders to better understand their needs.

The John Keells group's social commitment is defined by diversity, carrying out as it does a range of initiatives, both long- and short-term, in six key focus areas - namely, education, health, environment, community and livelihood development, arts and culture and disaster relief - all united under the JKH banner and reflecting the diversity within the conglomerate. Details of indicator SO1 - Programs / practices that assess & manage the impacts of operations on communities, including entering, operating, and exiting are given in our Sustainability Report.

John Keells Social Responsibility Foundation ('Foundation') is the vehicle through which the John Keells group strategises, plans and implements its social responsibility activities since 2005. Individual companies of the John Keells group have the right and liberty to engage in community service activities which complement their respective businesses as well as the broad focus areas of the Foundation. The Foundation is duly incorporated under the law and is also registered as a 'Voluntary Social Service Organisation' with the Ministry of Social Welfare.



*The Rumassala Nature Field Centre developed in conjunction with the Central Environmental Authority; a first of its kind in Sri Lanka*



Supporting the development of Sri Lankan arts and crafts with the Kala Pola initiative

Staff volunteerism has become an integral part of the group's community engagement strategy. This not only connects the John Keells family more closely with one another and the community, but also enables our employees to gain skills, motivation and enjoyment, while giving something back to the community.

The group upholds the distinction of being identified as one of the most respectable organisations operating within the country, having been named 'The most respected entity' by the Lanka Monthly Digest (LMD) in their annual, nation-wide survey, for four consecutive years. Its credibility is further strengthened by its stand that it is governed by a zero tolerance policy with regards to corruption as well as many regulations with a mandatory requirement in compliance.

JKH also has identified a three-pronged approach, which has evolved through time, further mandating the anti-corruption policy through a transparent process.

- JKH values/code of conduct for executives
- Processes to reduce corruption during business
- Corruption as a specific organisational risk

Indicator SO2 - Extent of training and risk analysis to prevent corruption is discussed in detail in our Sustainability Report.

#### Customer centric

At the John Keells group, our customers are important to us, whether they are in the local market or the international arena. Bearing them in mind, we have formulated a policy that will ensure the highest standards in the products and services we deliver.

In pursuit of customer trust, all products and services will aim to be transparent in terms of their scope, ingredients, service deliverables and standards, whilst indicating the degree of environmental impact where applicable. The group will invest in improving standards, seek certification by recognised authorities and display such certifications by appropriate labelling where applicable. Through proactive customer engagement, we will identify changing needs and innovate, thereby working towards delivery of product and service excellence.

PR3 -Type of product information required by procedures, and percentage of significant products subject to such information requirement is detailed in the comprehensive report.