

MANAGEMENT APPROACH DISCLOSURES



John Keells Holdings PLC
Annual Report 2020/21

MANAGEMENT APPROACH DISCLOSURES

This section contains a detailed description of the strategies and approaches adopted by the Group in managing the identified material sustainability topics under each capital deployed by the Group.

MANAGEMENT APPROACH OF IDENTIFIED MATERIAL TOPICS

The management approach towards identified material topics, which can broadly be categorised as the Group's economic performance, ethics and human capital, environmental responsibility, product stewardship, supply chain management and social responsibility, have been summarised below.



HUMAN CAPITAL

Human resource management is of paramount importance for the Group to generate a sustained competitive advantage.

Being predominantly based in service sector industries, factors such as productivity, efficiency, customer focus and skills, are of vital importance. This is fostered through nurturing our human capital which positively impacts innovation and strengthens social and relationship capital.

The Group is committed to being 'More than just a Workplace' and to its reputation of an equal opportunity employer.

Further, the Group has in place policies relating to human resources which cover all aspects of employment.

- All Group companies adhere to all relevant local labour laws and regulations in countries of operation.
- The Group does not discriminate against its employees on the basis of gender, race, nationality, age, social status, origin, disability, religion, sexual orientation or any other basis.
- The Group recognises the rights of employees and provides forums, support groups and policies to address their concerns and resolve issues and conflicts in a fair and transparent manner.
 - Details of the Group's Human Capital performance can be found in the Capital Management Review of the Annual Report 2020/21.



FINANCIAL AND MANUFACTURED CAPITAL

The Group's continued success is dependent on its triple bottom line performance; by providing economic value addition, financial value to its shareholders, payback on investment to its investors, payment of debt financing to its financiers and benefits to its employees, whilst also maintaining its social license to operate.

The John Keells Group is committed to delivering sustainable economic performance and growth to all its diverse stakeholders through sound financial management, building on its wide asset base across industry groups.

This is built on a diversified approach and a solid foundation of stringent internal controls and a robust Enterprise Risk Management process.

- Employees are rewarded through a performance-centric compensation framework which inculcates a performance driven culture.
- The Group seeks to continuously support the economy through its commitment to developing and working with local suppliers.
 - Details of the Group's Financial and Manufactured Capital performance can be found in the Capital Management Review of the Annual Report 2020/21.



NATURAL CAPITAL

The John Keells Group is aware that it is a custodian of the environment for future generations and is committed to promoting sound environmental practices within our key businesses, through the establishment of policies and practices that enable operations to be carried out in a sustainable and environmentally sound manner.

- The John Keells Group places great importance on the management and reduction of energy and water consumption, carbon emissions, waste generation and effluent discharge in the areas of operations.
- The Group's management framework encompasses policies, procedures, managements systems and governance mechanisms to sustain and enhance environmental performance and minimise negative impacts.
- Complementing the overall Environment Policy, the Group has in place several other sub-policies such as its Energy Management Policy, Water Management Policy and a Hazardous Waste Management Policy.
 - Details of the Group's Natural Capital performance can be found in the Capital Management Review of the Annual Report 2020/21.



INTELLECTUAL CAPITAL

The John Keells Group strives to maintain products and services at the highest standards while complying with all relevant local and international statutory and regulatory requirements in the markets it serves.

- The Group develops and markets products and services which meet customer requirements at the highest level of product quality and safety standards whilst ensuring customer health and safety.
- The Group adheres to all product labelling requirements specified in all relevant laws and regulations in the countries it operates.
 - The Group's product related information is found in the relevant Industry Group Review section of the Annual Report 2020/21.



SOCIAL AND RELATIONSHIP CAPITAL

Community

The Group proactively contributes to the development of the nations in which it operates, aligning its focus areas to the Sustainable Development Goals (SDGs).

The Group nurtures values of caring, trust and integrity and demonstrates commitment to the community and environment we operate in, through its focus on education, health, environment, community & livelihood development, arts & culture and disaster relief, supported by its CSR Vision 'Empowering the Nation for Tomorrow'.

- The Group has contributed towards the development of society through infrastructure, public services and local community engagement initiatives and on an ongoing basis seeks to identify stakeholder and community needs.
 - Details of the Group's Social and Relationship Capital can be found in the Capital Management Review section of the Annual Report 2020/21.

Supply chain

Engaging with a vast number of business partners across its various industry groups, the Group recognises the importance of integrating sustainability across its value chain.

The Group engages with its significant suppliers to assess their working conditions, respect and dignity towards employees and the environmental impact of their operations.

- The Group has introduced a comprehensive Supplier Management Framework including a Supplier Code of Conduct.
- Awareness creation and engagement of suppliers are carried out through supplier fora.
- Significant suppliers are assessed annually on labour practices, human rights and environmental impacts through an internally developed supplier checklist.
 - Details of the Group's supplier management framework can be found in the Capital Management Review of the Annual Report 2020/21.

Ethics

The Group is committed to upholding the universal human rights of all its stakeholders whilst maintaining the highest ethical standards in all its business operations.

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

- All business units and functions of the Group are required to analyse and include the risk of corruption as part of their risk management process.
- The Group employs stringent checks during its recruitment process to ensure the minimum age requirements are met.
- The Group ensures that all businesses are educated on the possible sources of forced and compulsory labour.
- The Group is an equal opportunity employer and has zero tolerance for physical or verbal harassment based on gender, race, religion, nationality, age, social origin, disability, sexual orientation, political affiliations or opinion.
 - The Group's governance mechanism and internal control procedures can be found on the Corporate website.

Framework

The Group utilises its sustainability management framework to set out responsibilities and resources to effectively manage its material sustainability focus areas and capitals. This encapsulates oversight and guidance from the highest governance and senior management bodies, driven through Group Sustainability and further operationalised through Sustainability Champions and Business Unit heads. Any grievances raised under each of the capitals will be addressed through Group-wide mechanisms including, human resource related processes, customer feedback handling, legal redress and Group Corporate Communication policies.



Further details of the Group's Sustainability organisational structure can be found in the Governance section on the Corporate Website in Sustainability Integration, Stakeholder Engagement and Materiality.

MANAGEMENT APPROACH DISCLOSURES

FINANCIAL AND MANUFACTURED CAPITAL

MATERIAL IMPACTS

The sustainability of the Group's economic performance and management of its financial capital is of utmost importance to its shareholders, its employees and other stakeholders. The Group's continued success is dependent on its Triple Bottom Line performance; by providing economic value addition, financial value to its shareholders, payback on investment to its investors, payment of debt financing to its financiers, payment of all applicable taxes and benefits to its employees, whilst also maintaining its social license to operate, stimulating the local economy through its procurement practices and assisting local communities' social infrastructure projects.

MANAGEMENT APPROACH

The Group is committed to delivering value to its shareholders and this is achieved through the economic pillar of the John Keells Group's Triple Bottom Line focus. This is based on a solid foundation of sound financial management of its diversified portfolio, aiming to increase economic value through a robust risk management process, thorough internal controls, meeting all statutory and tax requirements and governance.

Employees are rewarded through a performance-centric compensation culture which results in high levels of efficiency and productivity and inculcates a performance-driven culture, whilst the Group also ensures that legal obligations regarding employee benefits are met in all countries within which the Group operates.

In addition, the Group contributes to the economy through its tax and other statutory contributions and seeks to stimulate the economies within which it has business operations, through its commitment to developing and working with local suppliers, particularly in the Consumer Foods & Retail and Leisure Industry Groups, which have fostered close ties with local communities through the purchasing of products and services at fair prices. Similarly, the Group strives to add value to local communities through community investments.



ECONOMIC POLICY

The John Keells Group is committed to delivering sustainable economic performance and growth to all its diverse stakeholders.

EVALUATION OF MANAGEMENT APPROACH

The economic value addition by the Group is monitored through the Economic Value Added (EVA), further elaborated in the EVA section of the Annual Report 2020/21.

Economic value has been created for all stakeholders, by executing robust control frameworks, the implementation of best practices and adherence to a well-structured governance framework. Further information in relation to risk management policies and the Corporate Governance framework can be found on the Corporate website. The Group ensures that it complies with all regulations and that all statutory payments are settled on time. It also carries out periodic market checks to ensure that employees are remunerated in line with industry norms, whilst compensation is based on employee performance. Its performance-driven compensation culture has led to increased productivity and the alignment of employee, management and stakeholder interests. Similarly, the Group ensures its operations are in compliance with its governance framework and strategy, which operate alongside its internal controls and risk management structure. Further details of this can be found under the Corporate Governance Commentary available on the Corporate Website.

The Group also continues to proactively contribute to the economy. Contribution to local communities is monitored through local spending and investment in social infrastructure which results in benefits reaped to the community.

The Group is committed to fair trade through the purchase of products and services from the local community and suppliers at fair prices, ensuring adherence to high standards of quality and upholding business ethics, whilst managing social and environmental impacts.

The Group continues to positively stimulate the Sri Lankan economy and the communities surrounding its operational sites through local sourcing, supporting the self-employed and promoting livelihoods for small scale suppliers. For example, the Sri Lankan resorts sector procures much of its fresh produce locally, and the Consumer Foods industry group obtains key raw materials such as ginger, vanilla, treacle and cashew from farming communities in the Central, Eastern and North Central Provinces. Ceylon Cold Stores procures a significant portion of raw materials from local farmer communities, while Keells Foods guarantees a significant volume of its purchases of spices, vegetables and other meat products from local suppliers. Keells Supermarkets collects low country and upcountry vegetables from farming families in the North Central, Southern and Central Provinces for its outlets across the country. In the Leisure industry group, Walkers Tours operates a significant portion of its transportation fleet through outsourcing, providing self-employed drivers with livelihoods. The Transportation industry group also follows a similar outsourcing model for the majority of its fleet, providing employment to drivers, helpers and self-employed personnel in the logistics business. Further details on the Group's contribution to the economy through local purchasing can be found in the respective industry group sections of the Group's Annual Report.

Entrenching sustainable development in the value chain is a priority for the Group, with several significant suppliers identified for internal assessment, to ensure compliance with local environmental and labour laws. Supplier Forums in Sri Lanka and the Maldives are carried out on an annual basis as a means of appraising suppliers of the necessity of sustainable practices and related standards as required by the Group.

The following GRI disclosures are used as a means of tracking and monitoring the impacts related to financial capital.

Material Topic	GRI Disclosures
Economic Performance	201-1:2016, 201-3:2016
Indirect Economic Impacts	203-1:2016
Procurement Practices	204-1:2016



NATURAL CAPITAL



GROUP 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 enables it to conduct our operations in a sustainable and environmentally sound manner. It will strive to continuously identify all potential impacts on the environment and manage such impacts, whilst using resources in a sustainable and efficient manner.

MATERIAL IMPACTS

The John Keells Group places great importance on the effective management of its natural capital as a means of value creation for its businesses. In its efforts towards sustainable value creation, the Group places paramount importance on the management and reduction of its energy and water consumption, its carbon emissions, waste generation and effluent discharge, whilst undertaking initiatives for biodiversity conservation.

With comparatively energy intensive operations in the Leisure, Consumer Foods and Retail industry group, the Group constantly seeks to manage its energy consumption and carbon footprint. The above industry segments also generate a significant quantity of effluents which may result in pollution of water bodies if not treated, and generation of waste, which may result in greater landfill if not managed. Water and biodiversity are vital natural resources and are important elements of the Group's significant industry groups.

The Group's management approach seeks to manage its environmental impacts, whilst expanding and building on its current operational footprint, to preserve the natural capital that many of its companies are dependent on, either as inputs to its production processes or as unique selling points.

MANAGEMENT APPROACH

The John Keells Group is committed to protect and conserve the environment for itself, the community and future generations, and its Environmental Policy revolves around

this principle. The Group has significant operations in sectors such as Leisure, Retail, Consumer Foods, Transportation and Plantation Services, which have high environmental impacts such as energy, water consumption, emissions, waste and effluents and biodiversity. The Group is aware that it is a custodian of the environment for future generations and makes best efforts to minimise negative environmental impacts and comply with all applicable laws and regulations. Complementing the Group's overall Environmental Policy, specific policies and management approaches on the above environmental topics are operationalised through each Business Unit Head and its relevant Sustainability Champion. Business units have also been encouraged to identify their significant suppliers and assess them on key environmental impact areas, with the Group's Supplier Code of Conduct reiterating the Group's commitment in this regard.

To further streamline the Group's sustainability drive, Sustainability Standard Operating Procedures (SOPs) ensure consistency of processes and data accuracy, and robust internal and external audits are carried out on an annual basis to ensure that the processes adopted by the business units are in line with these SOPs. The Group's value chain forms an important component of its operations and the Group expects compliance and environmental responsibility from its partners across the supply chain in their day to day operations.

The Group has in place common guidelines for data measurements; all electricity consumption, and fossil fuel consumption are metered, with calibration of such meters carried out regularly. While water withdrawal is measured through inlet water meters and divisional water meters, wastewater discharge is measured through meter readings as well as estimates based on pump time. Waste generated is also largely based on estimates, while waste inventorisation is carried out at operational sites. The Group's carbon emissions are derived in accordance with the greenhouse gas protocol by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). The calculations use the carbon emission factor source of the IPCC guidelines or local guidelines where available for national greenhouse gas inventories, published by the

Institute for Global Environmental Strategies (IGES) and includes only CO₂, which the Group has been comparing on a per rupee of revenue basis since 2009/10. All business units identified in the reporting boundary for sustainability have been considered in computing its carbon footprint. Based on horizon scanning and external review, the Group will continuously review and improve its policies and management approach regarding the environment.

SUSTAINABILITY TARGETS



As part of the commitment to ongoing improvement, key Group companies established sustainability targets for 2025, building on the strides made towards the targets previously set for 2020.

Energy Management and Emissions

Group policy requires that all businesses strive to minimise their environmental footprint resultant from the use of energy, and for all businesses to seek methods for energy conservation by embracing lean energy management practices and investing in energy efficient alternatives. Businesses are also encouraged to assess the feasibility of renewable sources of energy where possible. Through its energy management policy, the Group seeks to monitor and manage its carbon footprint.

Water Management

In a bid to reduce the intake of water from blue water sources, the Group policy requires all business units to conserve and optimise their usage of water obtained from surface and ground water sources, and wherever possible to re-use wastewater after treatment. The policy further requires that discharge of wastewater, at a minimum should adhere to the quality levels stipulated by regulations, with recommendations to reuse treated wastewater as far as practically possible, for purposes such as gardening, to reduce the quantity of effluents discharged to the environment. All Group companies with significant water usage must ensure that systems and processes are in place to measure water withdrawn at source, identify key points of usage and identify and implement applicable technologies, process improvements and motivate staff behavioral changes to conserve water.

MANAGEMENT APPROACH DISCLOSURES

NATURAL CAPITAL

Waste Management

The Group acknowledges that increasing operational activity would result in higher raw material demand by its operating units and thus seeks to minimise the use of virgin material through the re-use and recycling of material. Overall reduction and responsible disposal of waste is the primary focus of the Group's approach to waste management, and necessitates that Group businesses take stock of how their inputs, processes and waste management measures affect waste creation, and take steps to encourage reuse and recovery wherever possible. The Group's Hazardous Waste Management policy and Electronic Waste Management policy have established guidelines for the disposal of such waste, with expectations of supplier behavior set out in its Supplier Code of Conduct. The Group has deployed collection bins encouraging segregation and carries out staff awareness across its locations. In operationalising its policies, and through its social entrepreneurship project 'Plasticcycle', it aims at encouraging the reduction of the use of single-use plastics and supports responsible disposal and recycling initiatives.

Conservation of Biodiversity

The Group is aware of the global and national value of Sri Lanka's naturally endowed resources, since the country is globally recognised as being rich in biodiversity. Therefore the Group seeks to safeguard the flora and fauna biodiversity of the localities in which its businesses operate. Protection of biodiversity and the environment is linked to the performance of some of its key operating sectors, in particular the Leisure industry group, and the Group strives to sustain the unique value proposition of Sri Lanka's natural beauty. While many of the Group's operations are located in urban, suburban and industrial zones, thereby having minimal impact on biodiversity, the Group's resort hotels operate, in certain instances, in proximity to protected areas. Details of such sites can be found in the Leisure industry group review section in the Annual Report, and the specific biodiversity conservation projects carried out by the Group can be found in the Capital Management Review section of the Annual Report.

Evaluation of management approach

While at a minimum, all Group companies adhere to all relevant local environmental laws and regulations, goals and targets have been established in the majority of the Group's significant operation entities through a reputed third-party benchmarking assessment and are monitored and reported internally on a regular basis. In addition, where applicable, companies have obtained and seek to maintain relevant certifications for environmental management and practices. The strategies and initiatives carried out by the Group's business units are further described within the relevant industry group sections of the Annual Report. The resources allocated for the industry-specific initiatives fall under the purview of each Sector and the resourcing of human and financial capital is based on the feasibility of the initiative concerned. The Group tracks its environmental performance every quarter through the monitoring of the related GRI disclosures shown below, with annual audits and management review at quarterly management committee meetings, as well as obtaining regular formal and informal feedback from our significant stakeholders. Internal sustainability information is tracked and monitored through a dedicated IT system through which quarterly analytical reports are circulated to the Group's highest governance bodies and external stakeholders. Business Unit Heads also use these reports to track and monitor the environmental performance of their respective companies, identify areas for improvement and implement necessary initiatives. As part of its sustainability strategy, the Group additionally focuses on the environmental impact of its value chain and has commenced tracking and monitoring the environmental performance of its significant supply chain partners. Based on horizon scanning and external review, the Group will continuously review and improve its policies and management approach with regard to the environment.

The following GRI disclosures are used as a means of tracking and monitoring the impacts related to natural capital.

Material Topic	GRI Disclosures
Energy	302-1:2016, 302-2:2016
Water & Effluents	303-1:2018, 303-2:2018, 303-3:2018, 303-4:2018
Biodiversity	304-1:2016
Emissions	305-1:2016, 305-2:2016
Waste	306-1:2020, 306-2:2020, 306-3:2020
Compliance	307-1:2016
Supplier Environmental Assessment	308-1:2016



HUMAN CAPITAL

MATERIAL IMPACTS

Human capital management is of paramount importance for the Group to generate a sustained competitive advantage. The Group has in place processes and systems which aim to maximise the potential of all its assets, including that of its people, to the optimum, with a human resource (HR) vision to create and inculcate leadership potential to assist in achieving the Group's vision to build businesses that are leaders in the region.

Being in predominantly service-based industries, the Group understands that productivity, efficiency and customer focus, along with other necessary skills are of vital importance in obtaining sustained value creation.

The Group is an equal opportunity employer and does not discriminate on grounds of race, religion, gender, age, nationality, social origin, person's with disability, sexual orientation, gender identity, political affiliation, opinion or any other form of difference.

Employee hiring is done based on the recruitment policy and the Policy on Equal Opportunity and is supported by a role clarification document. The Group's operating structure is designed in a manner that ensures all people-related decisions are made by committees, and not by individuals, and are decided based on the strategic requirements of each business unit. Decisions relating to hiring, performance, promotion, learning and development, career development, compensation management, talent management and reward and recognition are also made in this manner, ensuring meritocracy rules at every stage of an employee's journey in the Group.

The Group's human resource information platform (HRIS) enables proactive management of its Human Capital, ranging from learning and development, recruitment and employee engagement, to recognition and rewards.

Policy on Health and Safety

The John Keells Group is committed to ensuring a safe working environment for its employees and prides itself in providing a 'Safe Place to Work'. The Group is similarly committed towards its contractors and visitors who are involved in any business or transaction with the John Keells Group.

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 eighteen years at the workplace.

Policy on Forced or Compulsory Labour

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

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.

Anti-Corruption Policy

The John Keells Group places the highest value on ethical practices, with a zero-tolerance policy towards corruption and bribery in all its transactions.

MANAGEMENT APPROACH

The Group has strategic initiatives in place for effective capital management so as to optimise human potential. This has been executed via policies relating to all aspects of human resources, including labour relations, training, equal opportunity and health and safety of its workforce. Further, the Group facilitates employee career development through investment in training and through a structured process in place for identification of development goals in line with the competency framework of the Group. Such performance appraisals are conducted on an annual basis for all staff in employment.

The achievement of its strategic initiatives lies with the operationalisation of policies at business unit-level which is monitored via metrics such as attrition, diversity, training hours per employee and health and safety incidences.

In addition, the Group also undertakes training and counselling on workplace issues and serious diseases, such as HIV/AIDS, for its employees and their families. The Group has introduced a 'Sexual Orientation and Gender Identity' section into its Discrimination Policy and this is also covered in the Group's Code of Conduct, ensuring the continuance of zero tolerance for discrimination. This has been promoted with the support of awareness sessions and forums. The John Keells Group commits itself as an equal opportunity employer and continues to implement benchmark practices to drive diversity and inclusivity. Given that the majority of the Group's operations are carried out within Sri Lanka, senior management is hired locally, and details of diversity related to senior management representation is contained in the Capital Management Review of the Annual Report 2020/21.

The Group recognises the rights of employees and provides forums, support groups and policies to address their concerns and resolve issues and conflicts in a fair and transparent manner, in addition to the various engagement methods adopted at business unit-level. These engagement methods include processes such as collective bargaining, joint consultative committees,

MANAGEMENT APPROACH DISCLOSURES

HUMAN CAPITAL

an open door policy, institutionalising an ombudsperson, a robust grievance handling procedure, including the addressing of complaints of sexual harassment policy, direct email access to the Chairman, skip-level meetings at Assistant Manager and above levels, innovation teams, CSR volunteerism programmes, social media forums and other e-communication channels. The Group regularly carries out employee engagement surveys and the feedback from these surveys enables the Group to assess how its business units have progressed with regard to its human resource practices and to proactively manage employee expectations and experiences.

The results of such surveys have shown a demand for work life balance, care and employee appreciation and recognition, which the Group has addressed by increasing Maternity and Paternity leave to a hundred days and five days respectively, and introducing an additional seven days of Sick leave and Adoption leave to improve retention among working parents and to boost employee morale. Parental cover was introduced within the scope of the current insurance schemes to enhance the insurance facilities of the Group, and awareness programs and trainings were carried out to all people managers to increase the use of the recognition and appreciation functionalities available on HRIS, such as badges, continuous feedback and peer feedback.

Employee diversity and retention of talent

The Group maintains a focus on employee diversity and retention of talent across all its business sectors. It has in place a Gender Policy, monitors the diversity of its workforce based on age and gender and continuously tracks and monitors new hire and attrition rates, with particular attention to those industries with typically high staff turnover rates. Staff retention continues to be keenly monitored by both HR and Business heads, with the Group tracking attrition of employees identified as 'Talent' at both a sector and Group level, paying particular attention to the career development of such personnel, with ongoing dialogue to understand and manage aspirations and ensure retention.

Performance appraisals

All Group employees undergo regular appraisals to receive feedback on their performance. The Group performance management policy requires bi-annual formal feedback to be provided to the executive cadre and to all others at least once a year, whilst continuously recording and obtaining feedback on performance through the HRIS throughout the year. Employee recognition and rewards are carried out at a Group level through the Chairman's Awards including awards for Innovation, CSR and Sustainability. In addition, each sector and business unit rewards and recognises employee performance and values through schemes such as 'Employee of the Year', 'Champion of the Year', 'HIVE Badges' and 'Bravo'.

Agile Working Arrangements

With the onset of the COVID-19 pandemic, a new work arrangement protocol was established to serve as a guidance for all Group businesses, to put in place working arrangements to ensure business continuity and safe working conditions for employees and other stakeholders.

This outlined the guidelines for employees working from home, setting out processes for approval, expectations and requirements. Furthermore, it specifies the minimum guidelines and measures to be put in place at work locations (office space, hotels, warehouses, retail spaces etc.) to cover best practices related to the workplace, as well as specifying health and safety precautions to be taken to prevent the spread of the COVID-19 virus. This was operationalised through the Agile Working Policy which formalised processes for remote working.

Training and development

The Group places great emphasis on capacity and skill building through human capital investment, and employees are provided training and development on key competencies and management and leadership development to address current and future requirements. The Group's learning and development philosophy and practices are flexible and dynamic, accommodating lifelong learning crucial to building a sustainable competitive advantage. Recent years have seen a stronger shift towards learning on online and digital platforms, complemented through

customised learning management systems at sectors, and through the online Learning Module Group-wide to facilitate a more engaged and proactive learning environment.

Career development-focused programmes on leadership and management development, and executive coaching with both local and internationally reputed facilitators and institutes are deployed Group-wide. Engagement Fora are carried out with the intention of developing management skills at Executive and above levels, through interactions with the business leaders of the Group and execution of action-learning projects linked to business plans.

Hotels, Consumer Foods, Retail and the Insurance businesses have dedicated learning and development teams that design and implement customised L&D initiatives, while supervisors are empowered and assigned development goals to mentor and coach employees on an ongoing basis.

Collective bargaining

The Group ensures that formal and informal types of collective bargaining are accommodated, with formal agreements found in the manufacturing segments such as in the Consumer Foods industry group, while Tea Small holder Factories (TSF) in the Plantation Services sector customarily follow the wage structures of the plantation industry of the country. Additionally, the resort hotels have entered into memoranda of understanding with unions as a means of conflict resolution.

Health and safety

The Group places paramount importance on occupational health and safety for its workforce. Driven by the John Keells Group's Health and Safety Policy, all business units within the Group have been empowered to undertake any measure deemed necessary to ensure that it is a 'Safe Place to Work'. The Group strives to ensure that its work environment is safe and enabling, with health and safety given high importance at industry group level in accordance with all legal and regulatory requirements, whilst maintaining international health and safety standards as appropriate. As per such requirements, potential hazards are identified, training and access to medical care provided, and safety

processes and controls are implemented along with procedures for investigations and follow up. The Group records and reports on rates of injury, lost days, and total number of work-related casualties of its workforce, including contractors' personnel. These statistics are monitored through the Group's management processes including accident logs and attendance registers, captured on the Group's sustainability IT platform and considered within the Group's risk management framework. Minor occupational injuries or diseases that occur causing an employee to be unable to report to work for less than one day have been excluded for reporting purposes, although records are maintained for such injuries to allow for root cause analysis and implementation of any preventive action required.

Employee benefit plans

The Group adheres to all country regulations with regard to defined benefit plans for its employees. In Sri Lanka, employees are eligible for Employees' Provident Fund (EPF) contributions, and for Employees' Trust Fund (ETF) contributions.

Employees are also entitled to retirement gratuity, payable under the Gratuity Act no. 12 of 1983 and an employee with more than 5 years of service will receive half a month's last drawn salary for every year of service on retirement or termination of service.

All employees who are Maldivian nationals and employed in the Maldives are eligible for Maldives Retirement Pension Scheme (MRPS) contributions according to the terms of the Maldives Pension Act no.8/2009 handled by the Maldives Pension Administration Office (MPAO). The companies contribute the relevant percentages of the eligible basic salary of employees to the Maldives retirement pension scheme.

Ethical Business

Integrity, care and trust are core values intrinsic to the John Keells Group. Accordingly, the Group is committed to upholding the universal human rights of all its stakeholders whilst maintaining the highest ethical standards in all its business operations. Carrying out business in an ethical manner is a key value driver for the Group, upholding its valued brand reputation and is of high

importance to its stakeholders. As such, the Group has formulated stringent policies governing the areas of child labour, forced labour, human rights and anti-corruption, prioritising ethical practices within the Group's operations and its value chain. The Group ensures that all companies are educated on the possible sources of forced and compulsory labour and are expected to respect and uphold the rights of employees to enter, remain in and terminate employment. The Group seeks to ensure that ethical practices are business norms from the business unit-level down to the individual employee. Its transparent control and prevention mechanisms also extend to its value chain; customers, suppliers and business partners.

Under Sri Lankan law, a 'Child' is defined as a person who is under the age of fourteen years while 'Young Worker' denotes a person who has attained the age of fourteen years but is under the age of eighteen years. The John Keells Group however enforces a higher standard on the minimum age for employment than the statutory regulations and ILO conventions. Stringent checks during its recruitment process are employed to ensure the minimum age requirements are met. This also applies to industry groups such as Leisure and Consumer Foods which have a high degree of seasonal outsourced demand.

The Group ensures that all companies are educated on the possible sources of forced and compulsory labour and as per Group policy, no employees of the Group should be coerced or subject to overtime hours that exceed those stipulated by law, or subject to intimidation, nor are employees expected to surrender deposits or personal documents as an employment term. In the event that training of significant cost is provided to an employee, the employee is appraised of the expectation that they will be required to work for a duration that does not exceed the value of the training provided.

In line with legal and industry norms, adequate compensation through overtime or variable pay is provided for employees who work beyond normal working hours, in addition to being provided with meals and transport where appropriate.

The Group's policy on equal opportunity is applied in the recruitment and promotion processes as well as in advertising vacancies.

In addition, the John Keells Group is a member of the Employer Network on Disability of the Employer's Federation of Ceylon and currently employs persons with disability within the Group.

The Group has zero tolerance for physical or verbal harassment based on gender, race, religion, nationality, age, social origin, disability, political affiliations or opinion. There is also a comprehensive process with regard to dealing with complaints regarding sexual harassment, with the option of seeking out either the Ombudsperson or an internal committee to tackle such an issue.

At the employee level, every employee agrees to comply with the Group's Code of Conduct, Anti-Corruption and Policy Against Sexual Harassment, when accepting the terms and conditions of employment. All executive and above staff are required to complete a mandatory learning course on the aforementioned policies, which is facilitated through the Learning Management System. Through this, all employees are familiarised with the conditions of the Group's Anti-Corruption policy, which also extends to any agents who are authorised representatives of the Group. Employees are expected to report any breach of the Code with the assurance of discretion and are provided with a number of channels to facilitate such reporting, such as Chairman Direct, the Ombudsperson service and business unit-specific grievance handling process.

At a business unit level, each company has procedures and processes to enable the prevention and reduction of corruption. Each business unit is also expected to assess the risk of corruption as part of their risk management process and put in place mitigation measures to reduce such risks.

In dealing with its value chain, the Group ensures transparency and fair practices, fostering mutually beneficial relationships based on open communication that stresses the importance of business partners adhering to the ethical standards that underlie all business practices. Further, a comprehensive selection process is carried out for the Group's key suppliers by the Group Initiatives Division which involves evaluation committees including independent category managers and neutral parties. All selected suppliers are

MANAGEMENT APPROACH DISCLOSURES

HUMAN CAPITAL

required to agree to adhere to the Group's Supplier Code of Conduct which covers its human rights and anti-corruption expectations and are required to submit their audited financial statements for the two most recent financial years upon registration. Further, if it is discovered that the supplier has violated the Supplier Code of Conduct including anti-corruption breaches, this is reason for termination of contracts and cessation of dealings.

EVALUATION OF MANAGEMENT APPROACH

The Group tracks performance every quarter through the tracking of identified indicators and performance is also monitored through the Group's HR platform and the Group's dedicated sustainability system, from which analytical reports are circulated to the Group's highest governance bodies and appropriate action taken to address any areas of potential concern. Attrition of talent, incidences of occupational health and safety and training hours per employee and employee satisfaction as assessed by the employee surveys, are key performance indicators for business heads as well as HR heads.

While at a minimum, all Group companies adhere to all relevant local labour laws and regulations, which are largely compliant with ILO conventions, some of the Group policies are based directly on the ILO codes of practices. The Group also benchmarks its HR processes against global best practices, peers and industry norms and these are monitored internally.

Group companies adhere to all relevant local labour laws and regulations while in the case of child labour adhering to more stringent guidelines set by the Group. The Group also monitors and tracks incidences of child labour, forced labour and corruption through its quarterly sustainability performance monitoring against the relevant GRI disclosures. In addition, independent audits and Group Management Committees continually review policies and assess the risk of non-compliance regarding corruption.

The following GRI disclosures are used as a means of tracking and monitoring the impacts related to human capital.

Material Topic	GRI Disclosures
Employment	401-1:2016
Occupational Health and Safety	403-1: 2018, 403-2: 2018, 403-3:2018, 403-4:2018, 403-5:2018, 403-6:2018, 403-7:2018, 404-9:2018
Training and Education	404-1:2016, 404-3:2016
Diversity and Equal Opportunity	405-1:2016
Supplier Assessment for Labour Practices	414-1:2016
Child Labour	408-1:2016
Forced or Compulsory Labour	409-1:2016
Anti-Corruption	205-8:2016



SOCIAL & RELATIONSHIP CAPITAL

GROUP SUPPLY CHAIN

Engaging with a vast number of business partners providing goods and services, the Group is focused on obtaining high quality raw materials and services procured at competitive rates, whilst ensuring that such products and services are delivered to the Group in an environmentally and socially responsible manner.

MATERIAL IMPACTS

The Group considers this topic to be materially impactful as it reduces risks such as price volatility, product quality issues, disruption to operations and negative impacts on its brand reputation.

In entrenching sustainability across its value chain, the Group engages with its significant suppliers to encourage that working conditions are safe, that workers are treated with respect and dignity, and that operations are carried out in an environmentally responsible manner. Group suppliers are expected at a minimum, to operate in full compliance with the laws, rules, and regulations which are in force in the countries in which they operate. At present, the scope is limited to the first tier of suppliers, which the Group directly deals with.

Most suppliers of the Group are located in the main geographical areas in which the Group operates, namely in Sri Lanka and the Maldives. Maldivian suppliers consist of goods and services providers for the Group hotels in the Maldives. The types of suppliers include public limited companies, private limited companies and individuals who supply goods independently to the Group. Given the diversified nature of its industry groups, some of the significant suppliers in relation to the Group's primary activities, products and services, include food and beverage, hotel suppliers, capital equipment, packaging and communication and IT services as well as other support services such as advertising and insurance.

MANAGEMENT APPROACH

The Group's procurement drive has been structured in order to cover a majority of high value items required commonly by all business units of the Group through the Group sourcing initiative. Procurement of

items that are specific to sectors or industry groups are obtained through the respective central purchasing offices, and individual business unit requirements through dedicated purchasing departments of companies. While the Group Initiatives division only engages in the sourcing of products and services, the central purchasing offices and purchasing departments of business units are responsible for the purchasing of such items in addition to the sourcing of sector or business unit-specific goods and services.

The Group Initiatives division carries out sourcing for the Group through its supplier management platform, and has established rigorous processes and mechanisms to ensure that supplier selection occurs in a transparent and fair manner. This is operationalised through independent cross functional teams assigned to each procurement category, a robust tendering process with the necessary financial, operational and legal terms and conditions to cover both the Company's and suppliers' interests, a documented evaluation process and a periodic supplier review and engagement process to understand and address supplier concerns, facilitated by its online sourcing platform.

With product quality being of paramount importance, the Group only contracts with suppliers who have maintained the highest levels of quality of products and services, whilst ensuring and providing superior service levels. In addition to the stringent quality assurance processes carried out across the Group, it has also begun to entrench its sustainability strategy down its value chain, through the introduction of a comprehensive supplier management framework.

EVALUATION OF MANAGEMENT APPROACH

The Group maps its supply chain by identifying significant suppliers by type, the industry in which they operate and potential environmental and social impacts. These suppliers were categorised and selected on the basis of their ability to influence the Group's operations, as well as the Group being able to influence the operations of the supplier. Significant suppliers were identified based on specific criteria including supplier dependency, potential environmental, labour and human rights risks and industry market structures.

Supplier fora are carried out each year for Group-sourced suppliers for Sri Lankan operations and significant suppliers in the Maldives. Suppliers are briefed on the supplier management framework with regard to sustainability, the Supplier Code of Conduct, the Group's sustainability practices and initiatives, and they are encouraged to embark on their own journey of sustainability.

The Group also assesses its identified significant suppliers on an annual basis, with these suppliers being evaluated for labour practices, human rights and environmental impacts, using an established Group-wide supplier assessment process, based on all relevant laws and regulations.



SUPPLIER MANAGEMENT FRAMEWORK

- Supplier Code of Conduct
- Awareness creation & engagement
- Internal reviews and identification of risks in value chain
- Carrying out external third-party assessments on a sample basis

MANAGEMENT APPROACH DISCLOSURES

SOCIAL & RELATIONSHIP CAPITAL

CORPORATE SOCIAL RESPONSIBILITY

The Group proactively identifies, assesses and contributes to causes affecting the social and economic development of the nations in which it operates, while working toward maximising the positive impact of businesses on society and the environment. The Group supports community engagement, social empowerment and environmental sustainability, as these pillars are fundamental to ensure sustainable growth through equitable access to social, economic, environmental and basic human rights. The Group's Corporate Social Responsibility (CSR) function represents how its values, corporate culture and operations are intrinsically intertwined and connected to social, economic and environment concerns.

The John Keells Group believes in wider societal needs than its own, to meaningfully enrich the lives of the communities of which it is an integral part. It abides by the values of caring, trust and integrity by ensuring that through its actions, it demonstrates its commitment to and respect for all its stakeholders, including the communities and the environment in which its businesses operate.

John Keells Foundation ('Foundation'), a company duly incorporated under the law and also registered as a 'Voluntary Social Service Organisation' with the Ministry of Social Welfare, drives the Group's social responsibility initiatives from the centre, reaching out to underserved communities in various parts of Sri Lanka through multiple medium to long term strategic and sustainable projects, inspired by its vision 'Empowering the Nation for Tomorrow', within a framework of six focus areas. The Foundation collaborates strategically with businesses of the John Keells Group in planning and implementing its projects, while also continually seeking strategic, multi-sectoral partnerships with the State, Private and Development Sectors, as well as community-based organisations for purposes of technical support, effective implementation and sustainability of the undertakings. Individual companies of the Group also engage in community service activities, sponsorships and donations to complement their respective businesses, as well

as the broad focus areas of the Foundation. The activities of the Foundation are funded by companies within the Group out of their profits and the Group generally commits 1% of its PAT to CSR. The Group does not charge or account for human resources deployed in, and overhead costs attributable to, any of its CSR projects whether in planning, implementation or administration.

MATERIAL IMPACTS

The Group sees great importance in providing educational opportunities to disadvantaged groups of the community, with a strong belief that education is the foundation for an enlightened and civilised society, while it also believes that productivity is best ensured via a society that fosters the holistic health of its members. The Group is also committed to minimising the impact of its operations on the environment, through a conscious and collective effort, whilst promoting environmental conservation and sustainability. The fostering of entrepreneurship and self-sustenance, while facilitating essential community infrastructure, building capacity and access, towards enabling sustainable development in communities surrounding the Group's operations, is yet another focus area for the Group's CSR initiative. In addition, the Group is committed to sponsoring arts and culture towards safeguarding and promoting the cultural heritage of Sri Lanka, as well as boosting the livelihoods of those engaged in arts and culture. The Group also carries out collective relief efforts in times of natural and man-made disasters, through staff volunteerism.

MANAGEMENT APPROACH

Focus Areas

The Group's social commitment is delivered through diverse initiatives, both medium-to-long and short-term, in six key focus areas – namely, Education, Health, Livelihood Development, Environment, Arts & Culture and Disaster Relief.



EDUCATION

JKH is committed to provide better access to educational opportunities for those in need towards enhancing their employability and entrepreneurship.



HEALTH

JKH is committed to foster healthy communities towards enhancing the wellbeing and productivity of Sri Lanka and Sri Lankans.



LIVELIHOOD DEVELOPMENT

JKH fosters sustainable livelihoods through relevant skills, capacity and infrastructure enhancement towards building empowered and sustainable communities.



ENVIRONMENT

JKH is committed to minimise the impact of its operations and promote conservation and sustainability towards enhancing environmental and natural capital.



ARTS & CULTURE

JKH is committed to nurture the livelihoods of artists and preserve cultural heritage towards safeguarding and promoting Sri Lankan arts and culture.



DISASTER RELIEF

JKH is committed to come to the aid of Sri Lankans and global communities in times of adversity and disaster towards enabling them to rebuild their lives and livelihoods.

The Group utilises its large volunteer network, facilitated by its flexible volunteer leave policies that enable interested employees to contribute through varied opportunities and roles towards the Group's CSR initiatives.

EVALUATION OF MANAGEMENT APPROACH

The CSR initiatives of the Group are aligned to national priorities, Sustainable Development Goals (SDGs) and principles of the United Nations Global Compact (UNGC), to ensure a collective and targeted focus towards addressing key universal needs for the development of people, focusing on the three dimensions of sustainable development - economic growth, social inclusion and environmental protection.

The Group's commitment to the above focus areas of Education, Health, Environment, Livelihood Development, Arts & Culture and Disaster Relief, translates through a plethora of community investment programmes and staff engagement via voluntary service, as well as the ongoing dialogue with its stakeholders to better understand their needs.

The Group's social performance is tracked through GRI disclosures focusing on areas such as the development and impact of infrastructure investments.

The Foundation's community engagement projects are structured based on initial and ongoing needs assessment which includes formal and informal engagement with all significant stakeholders, specific selection criteria for identifying beneficiaries, and a periodic evaluation process. Each key activity under the project is evaluated to analyse the impact thereof and, where applicable, action plans to mitigate risks will be formulated by the project team, including at the Foundation's Management Committee meetings. In critical projects, this evaluation process has been carried out by independent third parties such as technical partners, project managers and/or auditors.

The details of the ongoing tracking, monitoring and setting of goals and targets of all the Group's CSR initiatives, are contained within the Annual Report 2020/21.

Operation

Although the Group's CSR initiatives have been predominantly centralised via the John Keells Foundation (JKF), the recently introduced John Keells 'Praja Shakthi' (community empowerment) initiative aims to enhance the business-centric approach to CSR, taking JKF's CSR projects under the six focus areas to the Group's business locations on a phased basis, enabling the local community to benefit from CSR interventions over the long term. It also seeks to enhance business engagement in CSR via direct involvement in strategising, implementing, monitoring and reporting, as well as staff participation in volunteerism.

The projects of John Keells Foundation (JKF) are planned and implemented by the JKF team comprising four full-time employees, namely, the Head of Operations and three project officers, with the strategic guidance of JKF's Management Committee (MC) - a cross-functional team of senior executives drawn from various industry groups within the Group. Each project is headed by one or more project champions and implemented with the support of a project sub-committee comprising volunteers from across the Group. Project updates are reported at meetings of the MC and quarterly to the Group Executive Committee and shareholders. Financial audits of JKF take place annually while internal audits are conducted once every two years.

Action Plans

The Group has contributed towards the development of society through infrastructure, public services and local community engagement initiatives and details of such initiatives are contained within the Group Social and Relationship Capital section of the Annual Report.

The following GRI disclosures are used as a means of tracking and monitoring the impacts related to social and relationship capital.

Material Topic	GRI Disclosures
Local Communities	413-1:2016

MANAGEMENT APPROACH DISCLOSURES



MATERIAL IMPACTS

For the John Keells Group, the delivery of optimal levels of quality to all of its significant stakeholders has always been imperative and material. Whilst meeting such optimum quality standards and ensuring maximum satisfaction with respect to its key stakeholders, the Group also focuses heavily on ensuring compliance with its environmental, labour and ethical business policies, with regards to responsible labeling, marketing communication and customer health & safety.



PRODUCTS AND SERVICES POLICY

The John Keells Group will strive to maintain products and services at the highest standards by embracing industry and corporate best practice and complying with all relevant local and international statutory and regulatory requirements in the markets served. The Group strives to identify and assess environmental and social impact through communications, operations and the supply chain of its products and services.

MANAGEMENT APPROACH

The Group Products and Services policy is adhered to by all Group businesses to ensure they continue to the highest quality standards when servicing all customers.

The management approach adopted by the Group has been to develop and market products and services that meet customer requirements and the highest product quality standards, which ensure customer health and safety by assessing the product life cycle. In addition, compliance with the relevant product and service labeling requirements, ethical marketing communications and maintenance of customer privacy are addressed through its product stewardship practices.

Stakeholder engagements have reinforced these material areas by highlighting the requirement of consumers for products and services that satisfy their needs, superior

product quality, product information to be provided in a standard format by all industry players, clear product-specific information, and the need for marketing communications that are contemporary in nature.

EVALUATION OF MANAGEMENT APPROACH

The Group identifies and adopts international and local standards on a voluntary basis to achieve recognised external quality certification and, where relevant, benchmarking quality processes and meeting standards against national and/or international best practices.

All consumers expect a safe product or service and the Group continuously reviews its products and services for safe use by consumers, through the assessment of its systems and procedures during the entire manufacturing and service delivery process. Group companies engaged in the manufacture of consumer foods have obtained ISO 9001 and ISO 22000 as initial steps in achieving process excellence. In the Leisure Sector, Walkers Tours has obtained ISO 9001 while most of its Hotels have obtained OHSAS 18001/ISO45001 Occupational Health & Safety certification, establishing a process and culture of health & safety which permeates through to the end product or service.

In addition, Group companies closely monitor any incidences of product related fines or sanctions, setting a zero figure as their target whilst all companies are required to maintain lists of fines payable.

Further, the Group recognises the importance of informing and engaging our customers with regard to important product specific information as identified by stakeholder engagements, and continues to adhere to product labeling requirements specified in the Food Act No. 26 of 1980, the regulations contained in the Food Regulations 2005, 2014, 2016, 2019, the Consumer Affairs Authority Act No. 9 of 2003 and directions thereunder Environmental (Plastic Material Identification Standards) Regulations No.01 of 2021 for all its products and services and in the Maldives, the 2007/182/FS1 General Regulations For Food Establishments and Services.

A special Group committee monitors and evaluates advertising campaigns for socially insensitive/unethical/irresponsible advertising against the guidelines and procedures laid down. All related information with regards to the Group's products and services, labelling and marketing communication, in keeping with customer needs, customer health & safety and global and regional trends, can be found in the Consumer Foods and Retail industry group section.

As customer driven businesses, companies in the Consumer Foods, Retail and Leisure industry groups maintain dedicated channels to address any customer related grievances. Social media has increasingly become a significant means of communication and dedicated channels have been extended for management of grievances on these platforms.

The following GRI disclosures are used as a means of tracking and monitoring the impacts related to intellectual capital.

Material Topic	GRI Disclosures
Customer Health and Safety	416-1:2016
Product and Service Labelling	417-1:2016
Marketing Communications	417-3:2016
Compliance	419-1:2016



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