

MANAGEMENT APPROACH DISCLOSURES



John Keells Holdings PLC
Annual Report 2021/22

Management Approach Disclosures

This section comprises of 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 be categorised as 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 a significant factor for the Group when generating a sustained competitive advantage.

Given that the group is engaged in service sector industries, aspects such as productivity, efficiency, customer focus and skills have become of vital importance for sustained competitive advantage. This is nurtured through fostering human capital which positively influences innovation and strengthens social and relationship capital.

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

Additionally, the policies relating to human resources which are in place across the Group cover all aspects of employment.

- All Group companies adhere to all relevant local labour laws and regulations in countries where they operate.
- The Group does not discriminate its employees on the basis of gender, race, nationality, age, social status, origin, disability, religion sexual orientation or any other basis.
- The Group after recognising the rights of employees, provides forums, support groups and policies to address their concerns and to resolve issues and conflicts in a fair and transparent manner.
 - Detailed version of the Group's Human Capital performance can be found in the Group Consolidated Review of the Annual Report 2021/22.



Financial and Manufactured Capital

The continued success of the group is dependent on its triple bottom line performance; 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.

It is one of the commitments of the John Keells Group to deliver sustainable economic performance and growth to all its diverse stakeholders through sound financial management building on its wide asset base across industry groups.

This has been built through a diversified approach and a solid foundation of stringent internal controls and a robust Enterprise Risk Management process.

- The performance-centric compensation framework inculcates a performance driven culture across the Group.
- The Group's commitment to developing and collaborating with local suppliers continuously contributes to the economy.
 - Detailed version of the Group's Financial and Manufactured Capital performance can be found in the Group Consolidated Review of the Annual Report 2021/22.



Natural Capital

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

- The John Keells Group places great importance on the management and reduction of energy, carbon emissions, water consumption, waste generation and effluent discharge in the operating areas.
- Management framework of the group incorporates policies, procedures, management systems and governance mechanisms to sustain and improve environmental performance and minimise negative impacts.
- Accompanying the overall Environment Policy, the Group has several other sub-policies such as its Energy Management Policy, Water Management Policy and a Hazardous Waste Management Policy in place.
 - Detailed version of the Group's Natural Capital performance can be found in the Group Consolidated Review of the Annual Report 2021/22.



Intellectual Capital

The John Keells Group attempts 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 with the highest level of product quality and safety standards which meet customer requirements whilst ensuring customer health and safety.
- The Group follows the ICC Code of Advertising and Marketing Communication for all its products and services
- The Group adheres to all product labelling requirements stated in all relevant laws and regulations in its operating countries.
 - The Group's product related information is found in the relevant Industry Group Review section of the Annual Report 2021/22.



Social and Relationship Capital

Community

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

The Group nurtures caring, trust and integrity and demonstrates a commitment to the community and environment it operate in, by focusing on education, health, environment, community and livelihood development, arts and culture, and disaster relief. These are supported by its CSR Vision of 'Empowering the nation for tomorrow'.

- Group's initiatives on infrastructure, public services and local community engagement have contributed towards the development of society and also on an ongoing basis, it seeks to identify stakeholder and community needs.
 - Detailed version of the Group's Social and Relationship Capital can be found in the Group Consolidated Review section of the Annual Report 2021/22.

Supply chain

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

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 which includes a Supplier Code of Conduct.
- Engagement of suppliers and awareness creation is carried out through supplier fora.
- Internally developed annual supplier checklists are used to assess labour practices, human rights, and environmental impacts of significant suppliers.
 - Detailed version of the Group's supplier management framework can be found in the Group Consolidated Review of the Annual Report 2020/21.

Ethics

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

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

- It is required to analyse all business units and functions of the Group and include the risk of corruption as part of their risk management process.
- Group's stringent checks during its recruitment process ensures that 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's sustainability management framework sets out responsibilities and resources to effectively manage its material sustainability focus areas and capitals. This summarises 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. Grievances raised under each of the capitals will be addressed through Group-wide mechanisms such as, customer feedback handling, human resource related processes, 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

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Financial and Manufactured Capital

Material Impacts

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

Management Approach

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

Performance centric compensation culture through which employees are rewarded, results in high levels of efficiency and productivity and adopts 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.

Furthermore, the Group contributes to the country's 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, especially 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

Group's economic value addition is monitored through Economic Value Added (EVA), which is further explained in the EVA section of the Annual Report 2021/22.

Economic value has been created for all stakeholders, by executing robust control frameworks, implementing best practices and adhering to a well-structured governance framework. More information in relation to the Corporate Governance framework and risk management policies can be found on the corporate website. The Group ensures that it conforms to all regulations and that all statutory payments are settled on time. Periodic market checks carried out by the group ensure that employees are remunerated in line with industry norms whilst compensation is also 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 complying 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 investment in social infrastructure and local spending which results in benefits gained by the community.

The Group encourages 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 contributes towards the positive stimulation of 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. As an example, the Sri Lankan resorts sector purchases all its fresh produce locally while 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, and Keells Foods guarantees a significant volume of its spices, vegetables and other meat products are purchased 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 most of its fleet, providing employment to drivers, helpers and self-employed personnel in the logistics business. More details on the Group's contribution to the economy through local purchasing can be found in respective industry group sections of the Group's Annual Report.

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

GRI disclosures below are used as 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
Taxation	207-1:2019, 207-2:2019, 207-3:2019, 207-4:2019



Natural Capital

Material Impacts

Group Environmental Policy

John Keells Group is committed towards promoting sound environmental practices within our key businesses, through the establishment of policies and practices that enable us to conduct our operations in a sustainable and environmentally sound manner. We will strive to continuously identify all potential impacts on the environment and manage such impacts, whilst utilising our resources in a sustainable and efficient manner.

The John Keells Group places boundless 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, carbon emissions, waste generation and effluent discharge, whilst undertaking initiatives for biodiversity conversation.

Given that Leisure, Consumer Foods and Retail industry groups are energy intensive operations, 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 management approach of the group seeks to manage its environmental impacts, while expanding and building on its current operational footprint, to preserve the natural capital that many of its companies are dependent on, either as unique selling points or as inputs to its production processes.

Management Approach

The John Keells Group is dedicated towards protecting and conserving the environment for itself, the community and future generations, and its environmental policy

revolves around this principle. The Group has operations in sectors such as Retail, Leisure, 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 takes the greatest efforts to minimise negative environmental impacts and comply with all applicable laws and regulations. Complementing Group's overall Environmental Policy, specific policies and management approach 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 streamline the Group's sustainability drive further, available 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 are 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 common guidelines in place for data measurement; electricity consumption, and fossil fuel consumption are metered, with calibration of such meters carried out regularly. While wastewater discharge is measured through meter readings as well as estimates based on pump time, water withdrawal is also measured through inlet water meters and divisional water meters. Generated waste is also largely based on estimates, while inventorisation of waste is carried out at operational sites. Group's carbon emissions are measured according to the greenhouse gas protocol governed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Calculations use the carbon emission factor source of the IPCC guidelines for national greenhouse gas inventories, published by the Institute for Global

Environmental Strategies (IGES) and include 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 for the computation of their carbon footprint. Based on horizon scanning and external review, the Group will continuously evaluate and improve its policies and management approach regarding the environment.

Energy Management and Emissions

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 set for 2020 previously.

Group policy requires that all businesses take actions to curtail their environmental footprint resulting due to the use of energy, and for all businesses to seek out methods for energy conservation through embracing lean energy management practices and investment in energy efficient alternates. Businesses are also encouraged to evaluate the feasibility of adopting renewable sources of energy where possible. The Group seeks to monitor and manage its carbon footprint through its energy management policy.

Water Management

As initiatives 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 to re-use wastewater after treatment wherever possible. Further, the policy conveys on the 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 the source, identify key points of usage and identify and implement applicable technologies, process improvements, and motivate changes in staff behavior to conserve water.

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Waste Management

The Group recognises that an increase in operational activity would result in higher raw material demand by its operating units, hence seeking to minimise the use of virgin material through the re-use and recycling of material. Responsible disposal of waste and overall reduction 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 created, and take steps to encourage reuse and recovery wherever possible. Hazardous Waste Management policy and Electronic Waste Management policy established by the Group consist of 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 of waste and carries out staff awareness across its locations. By 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

With the country recognised globally as rich in biodiversity, the Group is aware of the global and national value of Sri Lanka's naturally endowed resources and 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 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 section in the Annual Report, and the specific biodiversity conservation projects carried out by the Group can be found in the Group Consolidated 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, companies have obtained and seek to maintain the relevant certifications for environmental management and practices where applicable. 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 assigned for the industry-specific initiatives fall under the horizon of each Sector and the resourcing of human and financial capital is based on the feasibility of the initiative which is in concern. The Group tracks its environmental performance every quarter through the tracking 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 maintaining sustained value creation.

The Group is an equal opportunity employer and does not discriminate on grounds of race, religion, gender, age, nationality, social origin, people 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, equity 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 are contained in the Capital Management Review of the Annual Report 2021/22.

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, an open door policy, institutionalising an ombudsperson, a robust grievance handling procedure,

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including the addressing of complaints of sexual harassment along with an anti-sexual harassment policy governed by an anti-sexual harassment committee, 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 Adoption leave to a hundred days, Paternity leave to five days respectively, and introducing an additional seven days of Sick leave and 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 initiatives aimed at building a diverse workforce and 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 reward 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 guide 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 development opportunities towards enhancing skills, and competencies, for personal and leadership growth required to address current and future needs. The Group's learning and development philosophy and practices are flexible and dynamic, accommodating lifelong learning crucial to building sustainable competitive advantage.

The Group has always fostered a culture of learning, where People and Organisational development have been at the forefront. As technology continues to transform the corporate landscape, the ways in which people learn constantly evolve, and the Group remains agile and adept towards aligning with this learning environment.

Sustaining a robust culture of learning, complemented by development focused systems and processes enable learning to be accessible, relevant, and more personalised. Sectors such as Leisure, Consumer Foods, Retail, and Financial Services – Insurance have dedicated learning and development teams that design and implement customised initiatives, while supervisors are empowered and assigned development goals to mentor and coach employees on an ongoing basis.

Career development programmes and coaching initiatives focusing on leadership development, learning engagement opportunities that encourage knowledge-share and social learning are encouraged and recognised at every level.

Collective bargaining

Group ensures that formal and informal types of collective bargaining are adapted, with formal agreements found in the manufacturing segments such as in the Consumer Foods & Retail industry groups, 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 staff representatives as a collective bargaining strategy.

Health and safety

The Group places prime 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, while maintaining international health and safety standards as appropriate. As per these requirements, potential hazards are identified, training and access to medical care are provided, and safety processes and controls are implemented along with procedures for investigations and follow up. The Group maintains 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 Group's management processes including attendance registers and accident logs and captured on the Group's sustainability IT platform and considered within Group's risk management framework. Minor occupational injuries or diseases that cause an employee to be unable to report to work for less than one day have been excluded from reporting, although records are maintained for such injuries which allow for root cause analysis and implementation of any preventive action if required.

Employee benefit plans

Group adheres to regulations imposed by all countries it operates in with respect to defined benefit plans for its employees. When Sri Lanka is considered, employees are eligible for Employees' Provident Fund (EPF) contributions, and for Employees' Trust Fund (ETF) contributions.

Similarly, employees are entitled to retirement gratuity, payable under the payment of Gratuity Act no. 12 of 1983 and an employee with more than 5 years of service is eligible for 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 intrinsic values of the John Keells Group. Therefore, the Group is dedicated to upholding the universal human rights of all its stakeholders while 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 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.

As per the 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. John Keells Group however enforces a higher standard on the minimum age for employment than the statutory regulations and ILO conventions. Stringent checks followed during its recruitment process ensure the minimum age requirements are met. This also applies to the sectors such as Leisure and Consumer Foods which have a high degree of seasonal outsourced demand.

Group provides necessary education to all companies on the possible sources of forced and compulsory labour and as per the Group's Policy, no employees of the Group should be forced 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. If a significant cost is allocated for a training to an employee, the employee is evaluated of the expectation that they will be required to work for a duration that does not exceed the value of the training provided.

Adequate compensation through overtime or variable payments which are in line with legal and industry norms is provided for employees that work beyond normal working hours, other than being provided with meals and transport where appropriate.

The Group's equal opportunity policy is applied in the recruitment and promotion processes as well as in advertising for vacancies. In addition, John Keells Group is a member of the Employer Network on Disability of the Employer's Federation of Ceylon and currently provides employment opportunities for differently abled persons within the Group.

The Group follows zero tolerance towards physical or verbal harassment based on gender, race, religion, nationality, age, social origin, disability, political affiliations or opinion. Also, a comprehensive process is followed 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.

Every employee agrees to comply with the Group's Code of Conduct, Anti-Fraud 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 above-mentioned policies, which is facilitated through the learning management system. Hence, 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 and are educated on human rights practices. Employees are expected to report any breach of the Code with the assurance of discretion and are provided with several channels to facilitate such reporting, such as Chairman Direct, Ombudsperson service and business unit-specific grievance handling process.

When considering the business units, each company has procedures and processes to enable the prevention and reduction of corruption. Each business unit is also expected to evaluate the risk of corruption as part of its risk management process and put in place mitigation measures to reduce such risks.

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When the Group's value chain is considered, it ensures transparency and fair practices that foster 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 of key suppliers 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 suppliers that are selected are required to agree to adhere to the Group's Supplier Code of Conduct which covers its human rights and anti-corruption expectations and is 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, it is considered as a 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 is 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 and Relationship Capital

Group Supply Chain

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

Material Impacts

Social and relationship capital is a materially impactful topic to the Group, as it reduces risks such as product quality issues, price volatility, disruption to operations and negative impacts on its brand reputation.

While embedding sustainability across its value chain, the Group continuously engages with its significant suppliers in ensuring that their working conditions are safe, workers are treated with respect and dignity, and those 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 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 owned 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 are providing Group's primary activities, products, and services, including food and beverage, hotel supplies, capital equipment, packaging and communication and IT services as well as other support services such as advertising and insurance.

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.

Management Approach

Procurement drive of the Group is structured 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 is 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.

Sourcing for the Group is carried out by the Group Initiatives division 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 an independent cross functional team assigned to each procurement category, a robust tendering process with necessary financial, operational, and legal terms and conditions to cover both the companies and supplier interests, documented evaluation process and a periodic supplier review and engagement process to understand and address supplier concerns, facilitated by its online sourcing platform.

As the product quality is 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 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.

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

Evaluation of management approach

The Group plans its supply chain function 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 the 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.

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

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

Management Approach Disclosures

Social and Relationship Capital

Corporate Social Responsibility

The Group proactively identifies, assesses and seeks to address 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 values, corporate culture and operations, as well as the vision, focus areas and interventions of its Corporate Social Responsibility (CSR) function, 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 mediums 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 optimising, and ensuring effective implementation, impact and sustainability of the undertakings.

Individual companies of the Group also engage in community service activities, sponsorships and donations to complement their respective businesses and stakeholder engagement, within 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 personnel volunteering for CSR projects whether in planning, implementation or administration.

Material Impacts

The Group sees great importance in addressing gaps in educational and skill development opportunities among 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-reliance, while facilitating essential community infrastructure, building capacity and market 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 preserving and fostering arts and culture towards safeguarding and promoting the cultural heritage of Sri Lanka, whilst boosting the livelihoods and opportunities 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 has access to a large volunteer network among its employees who, facilitated by the Group's flexible volunteer leave policies and volunteer recognition schemes, are encouraged 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 and multi-sectoral partnerships to enable collective action.

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 an 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 2021/22.

Operation

Whilst the Group's CSR initiatives have been predominantly centralised via 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 and customised basis, enabling the local community to benefit from CSR interventions whilst strengthening the respective businesses' stakeholder relationships 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 the John Keells Foundation (JKF) are planned and implemented by the JKF team comprising four full-time employees, namely, the Head of CSR 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.

Material Topic	GRI Disclosures
Local Communities	413-1:2016

Management Approach Disclosures



Intellectual Capital

Material Impacts

Delivering optimal levels of quality to all of its significant stakeholders has always been imperative and material for the John Keells Group. While 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 and safety.

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. The Group strives to identify and assess environmental and social impact through communications, service, operations and supply chain of its products and services.

Management Approach

All Group businesses adhere to the Group Products and Services policy to ensure they continue to meet the highest quality standards when servicing all customers.

The management approach adopted by the Group is to develop and market products and services that meet customer requirements and meet the highest product quality standards, which ensures customer health and safety through assessing the product life cycle. In addition, compliance with the relevant product and service labeling requirements, ethical marketing communications and maintenance of customer privacy is 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 meet 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/ISO 45001 Occupational Health and Safety certification, establishing a process and culture of health and 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.

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 and

safety and global and regional trends, can be found in the Consumer Foods and Retail industry group write up, as per relevant.

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 the 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
Socioeconomic Compliance	419-1:2016



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