

COMMUNICATION ON PROGRESS

**FOR THE UN GLOBAL COMPACT
2020/21**

**INVESTING IN A
SUSTAINABLE FUTURE**



JOHN KEELLS HOLDINGS PLC

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ABOUT US

John Keells Holdings PLC (JKH) is the holding company of the John Keells Group, one of the largest listed companies on the Colombo Stock Exchange, with business interests primarily in Transportation, Consumer Foods, Retail, Leisure, Property and Financial Services.

JKH was incorporated as a public limited liability company in 1979 and obtained a listing on the Colombo Stock Exchange in 1986. Having issued Global Depository Receipts (GDRs) which were listed on the Luxembourg Stock Exchange, JKH became the first Sri Lankan company to be listed overseas.

JKH's business interests in multifaceted operations have made the Company a partner of value for many stakeholders and a player of distinction in the growth story of our nation.

JKH's investment philosophy is based on a positive outlook, bold approach, commitment to delivery and flexibility to change. JKH is also committed to maintaining integrity, ethical dealings, sustainable development and greater social responsibility in a multi-stakeholder context.

As we look to the future, particularly in the context of multiple challenges and complexities following a global pandemic, we are very aware that our success depends on how we shoulder our responsibility to empower the nation and create shared value, ensuring that corporate social responsibility and sustainability lie at the heart of all that we do.

JKH is a full member of the World Economic Forum and a Participant of the UN Global Compact since 2002.

JKH's Annual Report 2020/21, which entails a discussion of the Holding Company and its subsidiaries and equity accounted investees, is an Integrated Report prepared in accordance with the International <IR> Framework of the International Integrated Reporting Council and the GRI Standards: Core option of reporting. The Company sought independent third-party assurance from DNV, represented in Sri Lanka by DNV GL Business Assurance Lanka (Private) Limited, in relation to the non-financial information contained in the Annual Report.

JKH is based at 117, Sir Chittampalam A. Gardiner Mawatha, Colombo 2, Sri Lanka.

CHAIRMAN'S MESSAGE



STATEMENT OF CONTINUED SUPPORT

I am pleased to present the Communication on Progress of John Keells Holdings PLC (JKH) for the financial year ended 31 March 2021.

Whilst the year under review was extremely challenging on account of the COVID-19 pandemic, JKH witnessed a faster than anticipated recovery momentum with the performance of most businesses reaching pre COVID-19 levels where business activity and consumer trends were near normal by the end of the financial year.

The performance of JKH during the year was resilient despite the numerous challenges encountered and it was the positive attitude of all our people that enabled the Company to navigate through this unprecedented and volatile period. I wish to recognise their contribution, particularly those who served in our front-lines and played a pivotal role in serving the people of our country in this very challenging time. Their commitment to proactively transition to new ways of working and embrace and support JKH in implementing a series of cost containment and productivity measures aided the Company to remain resilient and maintain its position of financial stability.

JKH remains fully committed to our responsibility to make a positive difference in the communities that we operate in. As a participant of the United Nations Global Compact (UNGC) we ensure that the development activities at JKH are aligned to the UNGC Principles, the Sustainable Development Goals (SDGs) and national priorities, ensuring a collective and targeted focus towards addressing key universal needs for the holistic development of people, focusing on the three dimensions of sustainable development - economic growth, social inclusion and environmental protection.

During the year under review, several initiatives were undertaken to further strengthen JKH's governance framework and controls. Given the continuation of 'work from home' arrangements, the Company augmented data classification and management while migrating applications to the cloud and adopting digital platforms. JKH also introduced an improved and augmented Agile Working Policy to facilitate the current working arrangements with greater clarity, ensuring a higher degree of employee involvement and flexibility in work arrangements, which will help increase retention and motivation of existing employees while expanding the talent pool and enabling greater participation of women in the workforce. In December, the Company appointed a new Ombudsperson who is an attorney-at-law by profession, maintaining the independence of the Company's whistle-blower channels. JKH also instituted a Diversity, Equity and Inclusion programme towards increasing the diversity of our workforce and launched the 'ONE JKH' brand with several initiatives aimed at increasing critical diversity metrics across the Company.

Despite the challenges of operating within the COVID-19 related restrictions and impacts, JKH's well entrenched sustainability management framework continued to ensure that sustainability considerations remained an integral part of all business operations. This framework guides the Company to integrate financial performance alongside efficient Natural Capital management, through practices such as conservation of natural resources, emissions management and responsible waste disposal, while investing in its Human Capital resources, through training and development of its diverse employee base and maintaining a safe working environment.

CHAIRMAN'S MESSAGE

Notwithstanding the challenges posed by the COVID-19 pandemic throughout the year, JKH remains committed to Corporate Social Responsibility (CSR), which is an integral part of the Company's business ethos within its triple bottom line approach while staff volunteerism continues to be a key component enabling our staff to enrich their personal experiences through community engagement and service. Our CSR activities are sustained on six focus areas, namely, Education, Health, Environment, Livelihood Development, Arts & Culture and Disaster Relief. All projects undertaken are inspired by our CSR vision of 'Empowering the Nation for Tomorrow'. The CSR initiatives of JKH are centrally planned and implemented by John Keells Foundation (JKF) - a company limited by guarantee which is also registered as a 'Voluntary Social Service Organisation' under the laws of Sri Lanka. Whilst JKF together with the Company continued to provide COVID-19 aid to frontline services and affected communities, its CSR plans were reviewed and restructured for practical implementation within applicable protocols and restrictions.

During the period, there were no departures from any of the provisions of the Code of Business Conduct and Ethics of the Code of Best Practice of Corporate Governance, jointly advocated by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka. The Company's commitment to upholding Company policies, where emphasis is placed on ethical and legal dealings, zero tolerance for corruption, bribery and any form of harassment or discrimination in the workplace and any work-related situations is also affirmed.

The recent outbreak of COVID-19 cases in Sri Lanka has resulted in short-term uncertainty. Whilst it is premature to ascertain the scale of the restrictions that may follow due to this outbreak, JKH remains positive and continues to support public accountability and transparency.

With this communication, I, on behalf of JKH's Board of Directors, wish to reaffirm that we remain committed to making the UNGC and its principles a part of our corporate strategy, culture and day-to-day operations of our Company and to maintain integrity, ethical dealings, sustainable development and greater social responsibility in a multi-stakeholder context.

On behalf of the Board of Directors of John Keells Holdings PLC,



Krishan Balendra
Chairman-CEO

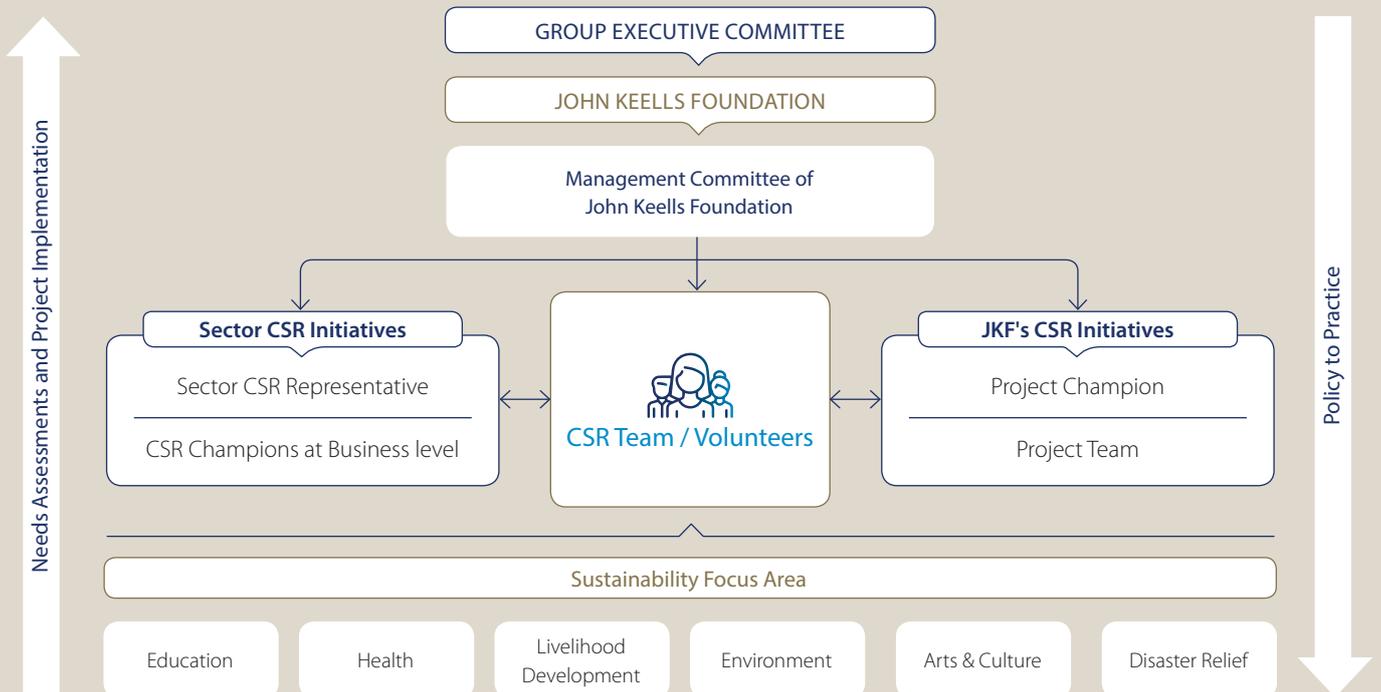
SUSTAINABILITY FUNCTION



SUSTAINABILITY STRUCTURE



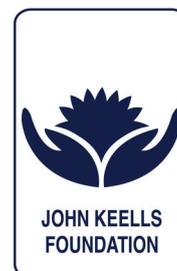
CSR STRUCTURE



CORPORATE SOCIAL RESPONSIBILITY (CSR)

JOHN KEELLS FOUNDATION

John Keells Foundation (JKF) - a company duly incorporated under the law and also registered as a "Voluntary Social Service Organisation" with the Ministry of Social Welfare - drives the Company'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 within a framework of six focus areas and inspired by its vision "Empowering the Nation for Tomorrow". JKF collaborates strategically 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.



Empowering the Nation for Tomorrow

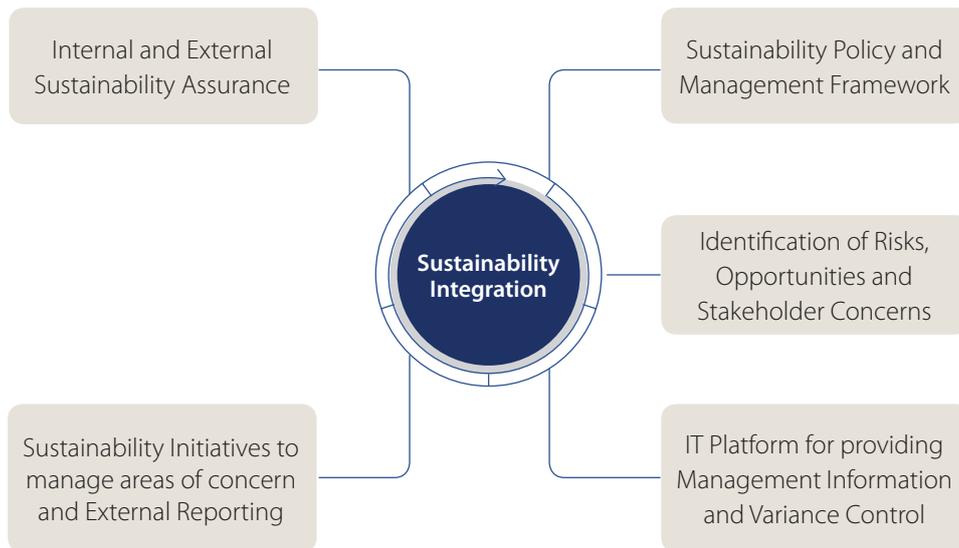
JKF's social commitment is reflected by diverse initiatives, both medium-to-long and short-term, in six key focus areas and the respective community promises outlined below.

	<p>Education</p> <p>JKH is committed to provide better access to educational opportunities for those in need towards enhancing their employability and entrepreneurship.</p>
	<p>Health</p> <p>JKH is committed to foster healthy communities towards enhancing well-being and productivity of Sri Lanka and Sri Lankans.</p>
	<p>Environment</p> <p>JKH is committed to minimise the impact of our operations and promote conservation and sustainability towards enhancing environmental and natural capital.</p>
	<p>Livelihood Development</p> <p>JKH fosters sustainable livelihoods through relevant skills, capacity and infrastructure enhancement towards building empowered and sustainable communities.</p>
	<p>Arts & Culture</p> <p>JKH is committed to nurture the livelihoods of artists and preserve our cultural heritage towards safeguarding and promoting Sri Lankan arts and culture.</p>
	<p>Disaster Relief</p> <p>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.</p>

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 within the company. Each project is headed by one or more project champion(s) and implemented with the support of a project sub-committee comprising volunteers from across the Company. Project updates are reported at bi-monthly meetings of the MC, and quarterly to the GEC and shareholders. Financial audits of JKF take place annually while internal audits are conducted once every two years.

SUSTAINABILITY FUNCTION

JKH is committed to integrating sustainability throughout its operations and value chain. This strategic outlook is based on the 'triple bottom line' of economic, environmental and social performance and its sustainability integration process is continually updated and improved in line with JKH's operational requirements and global sustainability trends.



JKH's sustainability policy sets out its commitment to ensuring long-term value creation for its multiple and varied stakeholders through the ongoing monitoring and mitigation of impacts of its business model on the environment, its workforce and society, whilst conducting its activities in line with the highest standards of corporate best practice and compliance. JKH strives to constructively engage with its stakeholders through transparent and open communication of its sustainability approach. Additionally, the Company endeavours to be an employer of choice by providing a safe, secure and non-discriminatory working environment, whilst also promoting healthy relationships among its communities as a part of its sustainability policy.

JKH's Sustainability Management Framework includes strategies for entrenchment of sustainability, facilitated by a sustainability organisational structure, management information, processes for benchmarking, internal and external target setting, gap analysis, internal and external reporting as per the Global Reporting Initiative standards, and awareness creation. This framework is constantly updated and improved upon, and includes Standard Operating Procedures, an IT platform for tracking key sustainability and risk indicators, internal sustainability assurance, internal audit and external assurance processes.

JKH's value chain forms an important component of its operations and JKH expects compliance with all regulations from its value chain partners and encourages social and environmental responsibility in their operations, assessing key suppliers on potential impact areas, and by JKH's Supplier Code of Conduct reiterating the commitment in this regard.

SUSTAINABLE DEVELOPMENT GOALS AND IMPACTS

By aligning its strategies, initiatives and targets with the Sustainable Development Goals (SDGs) of the United Nations, JKH strives to address and action initiatives aimed at alleviating poverty, protecting the planet and empowering communities towards unity and prosperity. The ensuing section illustrates the six focus areas of John Keells Foundation and their alignment with the SDGs through various projects and initiatives during the reporting year.



EDUCATION



2,630
persons benefited

Key Projects:

- Soft Skills Webinar Series piloted for university students
- Launch of Skill into Progress (SKIP) programme to upskill selected suppliers of the Company in strategic business skills
- English Language scholarships and Higher Education scholarships awarded to disadvantaged school children and university students



HEALTH



331,452
persons benefited

Key Projects:

- Public awareness campaigns to commemorate the International Day for the Elimination of Violence against Women and National Children’s Day and the launch of a staff e-learning platform on preventing and addressing gender based violence and child abuse
- Piloting of programmes under a new project on Substance Abuse Prevention Awareness



LIVELIHOOD DEVELOPMENT



243,647
persons benefited

Key Projects:

- Completion and public vesting of a farmer anicut and closure of the 7-year integrated development programme in two disadvantaged villages in Mullaitivu
- Empowerment of women’s livelihoods by upskilling women SME engaged in batik craft and in paper products



ENVIRONMENT



20 Ha of forest restoration undertaken & **217** persons benefited

Key Projects:

- Initiation of a restoration project involving 20 hectares of identified forest land in proximity to the Sinharaja forest, a world heritage site
- Awareness sessions and experiential learning on environment and biodiversity conservation at Rumassala Nature Field Centre, Galle District



ARTS & CULTURE



93,635
persons benefited

Key Projects:

- Kala Pola (Art Fair): hosting of the first virtual event and piloting of a pop-up sale featuring senior artists
- Continuation of primary sponsorships for the Museum of Modern and Contemporary Art and the Gratiaen Trust
- Commencement of sponsorship of the Aluwihare Heritage Centre



DISASTER RELIEF



20,453
persons benefited

Key Projects:

- Support for COVID-19 front-line workers through donation of various health and safety equipment
- Support for resumption of school and public institutions post-lockdown through the provision of handwashing units

UNGC PRINCIPLES AND ALIGNMENT

HUMAN RIGHTS



- **Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights.
- **Principle 2:** Make sure that they are not complicit in human rights abuses.

LABOUR



- **Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- **Principle 4:** The elimination of all forms of forced and compulsory labour;
- **Principle 5:** The effective abolition of child labour; and
- **Principle 6:** The elimination of discrimination in respect of employment and occupation.

ENVIRONMENT



- **Principle 7:** Businesses should support a precautionary approach to environmental challenges;
- **Principle 8:** Undertake initiatives to promote greater environmental responsibility; and
- **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION



- **Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

JKH is committed to the Principles of UNGC and has an integrated approach to ensuring the interlinks between its financial performance, its sound corporate governance, product and service excellence, workforce development, environmental stewardship and social responsibility. The ensuing sections describe how JKH aligns its operations and supply chain with the principles of UNGC under each focus area.



HUMAN RIGHTS

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2:

Make sure that they are not complicit in human rights abuses.

HUMAN RIGHTS



Caring, Excellence, Trust, Innovation and Integrity are core values intrinsic to JKH and the Company places the highest value on ethical practices including a zero-tolerance policy towards corruption and bribery in all its transactions. The Company is committed to upholding universal human rights of all its stakeholders whilst maintaining the highest ethical standards in all its operations.

Ethics

Carrying out business in an ethical manner is a key value driver for JKH for purposes of upholding its valued brand reputation among its stakeholders, including investors and the general public. Ethics at JKH are the established values and principles based on which we conduct and wish to conduct our activities and describes the moral and ethical climate within the organisation. It provides guidance on key risk areas that may arise in respective roles and brings together elements which keep the employees and the organisation interlinked, intertwined and safe. Ethical business conduct provides strong organisational integrity, sets the tone of company culture and drives business strategies, goals, policies, and activities.

Code of Conduct

JKH's commitment to Human Rights is also endorsed and recognised through JKH's Code of Conduct. The Code of Conduct applies to all employees and directors of JKH and sets down the minimum expectations of individual and organisational behaviour. It consists of four simple principles: To be loyal and allegiant to JKH, and uphold Company Values, which ensures that employees "do the right thing", by going further than the letter of any contract, the law and our written policies wherever possible. JKH and its employees are required to follow the law and recognise that the trust of our customers, public and other stakeholders is paramount in maintaining our reputation as a law-abiding corporate citizen. As such, employees must always ensure compliance with laws and company Rules and Regulations applying in the territories that the Company operates in. Employees of JKH must demonstrate respect for the communities we operate in, as well as for the natural environment and ensure that we always conduct business in an ethical manner and in line with acceptable business practices. Finally, the Code of Conduct highlights that employees must exercise professionalism and integrity in all business and "public" personal transactions and consider themselves ambassadors and advocates of the Values of JKH.

JKH's Supplier Code of Conduct aims to embed sustainable business practices within its value chain to create, protect and grow long term environmental, social and economic value for all stakeholders. This includes compliance with laws and regulations as well as adherence to and support of international principles on ethical labour practices and human rights.

Suppliers shall always represent and warrant that they shall:

- (a) Observe internationally accepted treaties relating to the protection of human rights; and
- (b) Observe conditions of labour not less favourable than those conditions established for the trade or industry; and
- (c) Not use child or forced labour; and
- (d) Not engage in any activity which amounts to discrimination on the basis of race, ethnicity, colour, national origin, sex, disability, veteran status, or age; and
- (e) Not offer, receive, agree to pay or cause the payment by another person of any money or anything of value for the purpose of influencing, improperly or unlawfully any act, decision or judgment of any person relating to the performance of the business; and
- (f) Always adhere to the Supplier Code of Conduct in executing their responsibilities.

HUMAN RIGHTS

Policies

In the above context, JKH has stringent policies governing the areas of human rights, prioritising ethical practices within its operations and its value chain. The below are the key applicable policies.

- **Policies on forced, compulsory and child labour and child protection** – JKH employs stringent checks during its recruitment process to ensure that its minimum age requirements are met and ensures that all employees are educated on key aspects of forced and compulsory labour.
- **Policies on equal opportunities, non-discrimination, career management and promotions** – JKH remains committed to maintaining a workplace that is free from discrimination and is committed to hiring, developing and promoting individuals who best meet the requirements of available positions.
- **Gender policy** – JKH is committed to striving for gender equity through empowerment & inclusion, equal opportunity and equal participation.
- **Policy against sexual harassment** – A zero tolerance for physical, verbal or non-verbal harassment based on gender, race, religion, nationality, age, social origin, disability, sexual orientation, gender identity, political affiliations or opinion is in place.
- **HIV & AIDS workplace policy** – JKH does not discriminate in the workplace against employees on the basis of real or perceived HIV status.
- **Policies on anti-fraud, anti-corruption and anti- money laundering and countering the financing of terrorism** – All functions are required to include and analyse the risk of corruption as a part of their risk management process.
- **Supplier Code of Conduct** – All significant suppliers of JKH shall be in compliance with applicable laws and regulations with regard to labour, human rights, environment and ethical business practices.

HUMAN RIGHTS

SOCIAL RESPONSIBILITY POLICY

JKH supports community engagement and social empowerment as these pillars are fundamental to ensure sustainable growth and to protect basic human rights of people. JKH believes in wider societal needs than our own, to meaningfully enrich the lives of the communities of which we are an integral part. We abide by the values of caring, trust and integrity by ensuring that through our actions we demonstrate our commitment to and respect for all our stakeholders, including the communities and the environment in which our businesses operate.

During the year, JKH, through its CSR entity, John Keells Foundation (JKF), carried out the following social development activities under the respective CSR focus areas.



EDUCATION

English Language Scholarship Programme (ELSP)

JKF continued its long-term project offering scholarships to improve English communication skills of disadvantaged school children from rural and underserved communities under its sustained programme 'English for Teens'. 169 high-performing students from the 2019/20 programme were offered scholarships under the Tier 2 scheme which also focuses on developing soft skills. A total of 150 students successfully completed the online classes recording requisite attendance and passed the final examination.

The virtual English Day events, organised by JKF for the students who completed Tier 1 of ELSP in 2019/20, were held during the reporting year with the participation of 181 students from 05 locations and judged remotely due to COVID-19 related restrictions. These events provide a platform for the scholars to showcase their English skills and creativity and demonstrate self-confidence in the presence of an independent panel of judges.

Skill into Progress (SKIP)

JKF introduced a customised upskilling programme called 'Skill into Progress (SKIP)' in collaboration with Walkers Tours and Keells Supermarkets, aimed at improving English proficiency of chauffeurs and suppliers attached to these businesses, respectively as a means of supporting supply chain management during challenging times pursuant to the pandemic. These 36-hour pilot programmes implemented via the Gateway Language Centre were completed by 16 chauffeur guides from Walkers Tours and 12 suppliers attached to Keells Supermarkets.

"Before this programme, I was not confident in communicating in English. Today, I am able to provide my feedback on the programme in English, without the help of anyone after following this programme. I believe that this will help me to a great extent in the future. I would like to thank John Keells for going beyond business relationships and supporting their suppliers."

– Kumari Rajakaruna, Participant of the SKIP programme for Keells suppliers

English Camp for Kids

JKF organised a customised 15-hour activity-based English camp for the children of chauffeur guides attached to Walkers Tours during the schools' lockdown. A total of 36 students completed this interactive programme conducted online.

HUMAN RIGHTS

John Keells *Praja Shakthi* – Education and Skills Development

The following initiatives relating to school infrastructure and education support were implemented by JKF under this business centric community empowerment initiative:

- In commemoration of National Children’s Day, JKF organised book donations to four underserved State schools in Colombo 02, namely, Al Iqbal Balika Vidyalaya, T.B. Jaya Zahira College, Holy Rosary Tamil school and Siri Sariputta Vidyalaya.
- JKF renovated the playground at ‘Ekamuthu’ pre-school in Hikkaduwa benefiting 30 pre-school children.

Soft Skills for University Undergraduates

Due to the pandemic-related restrictions on gathering, JKF piloted a webinar series aimed at improving the employability of university undergraduates. 388 participants completed the three workshops conducted online over three weeks comprising a panel discussion with industry professionals as well as interactive workshops on CV Writing & Interview Skills and Personal Grooming & Social Etiquette.

Higher Education Scholarship Programme

18 advanced level students and 10 university students were provided scholarships to pursue their secondary and tertiary education under this programme which is aimed at encouraging disadvantaged individuals from underserved communities to pursue their higher education.



HEALTH

John Keells Vision Project

During the year in review, the following initiatives were undertaken amidst challenges of conducting onsite programmes in a pandemic-affected year:

- Vision screening in 15 schools of the Colombo District, with over 81 school children being tested and 239 eyeglasses provided free-of-charge, resulting in a cumulative total of 14,212 eyeglasses during project tenure.
- JKF rescinded the MoUs entered with the Ministry of Health on conducting further cataract clinics, surgeries and vision screening programmes with due notice and effective from January 2021, in view of the progressive decline in the number of camps and surgeries held over the past few years and continued challenges posed by the COVID-19 pandemic.

John Keells HIV and AIDS Awareness Campaign

HIV & AIDS awareness sessions have been conducted for varied segments of the population, since its inception in 2005. Sessions are conducted by John Keells volunteer trainers, with some of the sessions featuring testimonies by HIV positive persons as a means of effectively addressing aspects of stigma and discrimination while enabling such persons to develop economic independence.

World AIDS Day 2020 was commemorated through a video message delivered by staff Master Trainers to encourage staff to take the e-learning module available on the JKF website free of charge.

HUMAN RIGHTS

PROJECT WAVE (Working Against Violence through Education)

Project WAVE (Working Against Violence through Education) – a long-term project launched in 2014 with the aim of preventing gender-based violence and child abuse through education, capacity building, social sensitisation and advocacy programmes - continued to make strides in the reporting year including the following:

- The annual public awareness campaign against sexual harassment in commemoration of the International Day for the Elimination of Violence against Women was conducted for the fifth successive year. The campaign for the reporting year, themed ‘Break the Silence to End the Violence’, comprised the launch of an e-learning platform for JKH staff on raising awareness on gender-based violence and child abuse, a panel discussion aired during prime time on a public television channel featuring subject experts and a 2-week public awareness campaign through social media and digital screens in the City. The campaign reached over 991,000 persons.
- A poster campaign was organised to commemorate National Children’s Day under the national theme, ‘Investing in our future means investing in our children’. Posters aimed at raising public awareness on Child Protection and promoting value-based character development were displayed at 11 John Keells ‘Praja Shakthi’ schools, 114 Keells supermarket outlets and 10 Cinnamon Hotels and Resorts. The awareness poster was also promoted on social media platforms reaching over 41,000 persons.
- The project had a cumulative reach of over 1 million persons during the reporting year.



Panel discussion aired on TV as part of the public awareness campaign

SUBSTANCE ABUSE PREVENTION AWARENESS (NEW PROJECT LAUNCHED DURING THE YEAR)

Use of drugs by school children in both urban and rural areas of Sri Lanka has been a significant concern for well over a decade particularly because it is a sensitive age where such use can lead to long-term addictions and resultant health and social issues. Whilst awareness on drug abuse prevention among school children is critical, equipping teachers and parents with a proper understanding of the related risks and dangers and the importance of creating an enabling environment to support drug prevention is equally pivotal.

- In this context, JKF launched a new project on Substance Abuse Prevention Awareness during the reporting year, piloting both capacity building workshops for teacher counsellors in the Colombo district in collaboration with the National Dangerous Drugs Control Board (NDDCB) as well as awareness for pre-school teachers, parents and Government officials in Hikkaduwa in collaboration with Humedica Lanka.
- The 3-day teacher training workshops organised by NDDCB in collaboration with the Ministry of Education empowered 107 teachers and principals from 91 schools from the Colombo and Sri Jayewardenepura Education Zones.

HUMAN RIGHTS

- Awareness was created among pre-school teachers and parents as well as Government officials including subject staff of the Divisional Secretariat, Grama Niladhari, representatives from the Provincial Education Department and community police. A total of 109 participants benefitted from the programs while a multi- stakeholder steering committee was also established to identify community related issues, drive this initiative within the community and ensure its sustainability.

A pre-school teacher who participated at this programme stated, "This session was truly empowering because we were enlightened on the importance of cognitive development of a child, especially at a young age and what we, as pre-school teachers, can practically do to prevent addiction starting from a young age."



Teacher Training Programme on substance abuse prevention conducted in collaboration with the National Dangerous Drugs Control Board



LIVELIHOOD DEVELOPMENT

John Keells Praja Shakthi

The ensuing projects were undertaken by JKF under this business centric community empowerment initiative centred around the locations of Colombo 02, Hikkaduwa and Ranala:

- **Street vendors and women engaged in catering services** - Following a needs assessment forum with related SME in Colombo 02, and in view of COVID-19 related restrictions in conducting onsite training programmes JKF initiated #KeepItSafe - a training on food safety and hygiene via a customised video series developed with the support of chefs of Cinnamon Hotels & Resorts. A ground assessment of street vendor catering sites was also conducted in collaboration with Public Health Inspectors of the Colombo Municipal Council (CMC) to develop a training plan towards addressing gaps and improving market conditions of street vendors. An assessment report together with recommendations was submitted to CMC and potential collaborative action plans are currently in discussion.
- **Street Market proposition** - With the objective of providing women and men sustainable livelihood opportunities, JKF initiated a collaboration with the International Finance Corporation on a street market concept to empower the surrounding community with a focus on women while also enhancing the appeal of Colombo as a destination city.
- **Pottery** - In order to support the livelihoods of those engaged in the pottery industry in Ranala, JKF funded the renovation of a clay mixing machine which is expected to support 26 families in the community.

HUMAN RIGHTS

Gender Empowerment

The following programmes were conducted towards promoting women’s entrepreneurship:

- **Batik artisans** – JKF organised an upskilling programme for women engaged in the batik craft in Hikkaduwa in collaboration with the Academy of Design and the Divisional Secretariat of Hikkaduwa. Under this initiative, 10 women were provided a two-day workshop and guided in developing a business plan for the production of an upmarket range of products and the launch of a new brand ‘Hikka Batiks’. A pilot sale of the first batch of products was successfully held in Colombo in April 2021 resulting in good exposure and additional orders for the women.
- **Paper products** - JKF organised an upskilling programme for women engaged in producing paper products in collaboration with Ceylon Cold Stores and the Divisional Secretary of Kaduwela. Under this initiative, 16 women of the ‘Batewela Ranliya Women’s Society of Ranala’ were provided a two-month training on optimising use of the paper cutting machine, post-training consultancy support as well as seed capital to service new orders which have improved substantially since the training.

JKF will continue to support these women to enhance their capacity and market access towards becoming independent and self-sustained entrepreneurs.



Batik artisans from Hikkaduwa supported under John Keells Praja Shakthi



Training programme for women held in Ranala under John Keells Praja Shakthi



Pilot sale of ‘Hikka Batiks’ women’s enterprise

HUMAN RIGHTS

Child and Youth Development

- JKF initiated a collaboration with Child Fund to develop a Child Resource Center at the De Mel Park Community Centre (previously constructed and donated by JKF) towards improving the opportunities of disadvantaged children and youth of Colombo 02.
- A programme on e-marketing was conducted by staff volunteers for 10 youth of Ranala.

Graduate Training Programme

- Following a request made by the Colombo Divisional Secretary, JKF pledged to provide private sector work experience and exposure to 64 newly recruited graduates over a period of 15 weeks. While the first batch commenced the programme, due to the restrictions resulting from the COVID-19 pandemic, the training sessions were suspended indefinitely.



ARTS & CULTURE

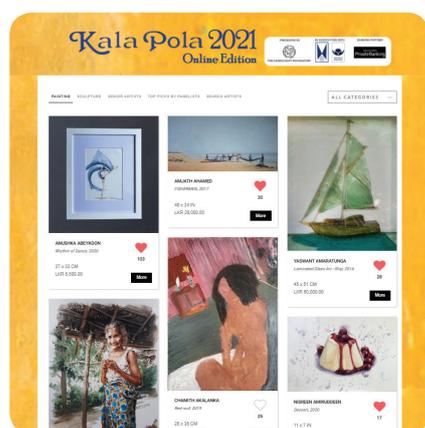
Kala Pola

'Kala Pola' - Sri Lanka's annual art fair showcasing and promoting visual art, was conducted as a virtual event for the first time in its 28-year history owing to COVID-related restrictions. Conceptualised by the George Keyt Foundation and funded and organised by John Keells Foundation, the event was hosted as a month-long event on JKF's digital platform, www.srilankanartgallery.com and showcased over 4,000 works of art from 202 artists. The event attracted 56,420 visitors during the month with over 200 pieces of art sold online (excluding commissions).

Nations Trust Bank which came on board as the event's Banking Partner, offered an exclusive preview of the gallery to its private banking customers one-day prior to the public event, enhancing the market reach of the artists.

As a means of enhancing visitor experience and knowledge creation, the month-long event featured four interactive events including a collector's guide on starting and adding to a collection, a kids' clay and leaf printing workshop, a panel discussion on digital transformation in the art industry and a panel discussion with senior 'Kala Pola' artists.

As the second phase of the programme, a one-day pilot pop up sale was held at Arcade Independence Square in Colombo featuring 25 senior artists who have been a part of 'Kala Pola' for over 15 years. The pop-up sale which was held subject to COVID protocols attracted 978 visitors and generated over Rs.1.46 million in estimated sales revenue.



Kala Pola Online Edition - Viewing Gallery



Kala Pola Pop-Up Sale

HUMAN RIGHTS

Sri Lankan Digital Art Gallery

JKF continued to maintain and improve its digital art gallery which serves as an online platform for local artists to showcase their work year-round while sustaining and enhancing the interest of art patrons. As at 31 March 2021, 1,136 artists were registered with the Sri Lankan Art Gallery (www.srilankanartgallery.com) including 40 new artists registered for 'Kala Pola 2021'. During the year in review, 34,319 persons visited the site - a 65% increase against 2019/20.

Museum of Modern and Contemporary Art (MMCA)

JKF continued its primary sponsorship of the Museum of Modern and Contemporary Art (MMCA) aimed at establishing a public museum dedicated to the display, research, collection and conservation of Sri Lankan modern and contemporary art. In view of the restrictions arising due to COVID-19 during the year, MMCA also focused on initiatives under Education and Livelihood development in the realm of art. MMCA's key projects in the reporting year included the following:

- A collaboration with the Department of Fine Arts of the University of Jaffna to develop a series of online lectures for the final year special degree course.
- Eight final year students from the Department of Art History, University of Jaffna completed a 21-day internship as a continuing study programme, leading on from the Curatorial Practice Course Unit conducted by MMCA.
- A capacity building programme for G.C.E. Ordinary Level Art teachers for curriculum development under areas of competencies in art curricula, focusing on modern art, theory vs. practice and overcoming constraints.
- Introducing trilingual learning resources on MMCA's website.
- 10 studio visits during the year to identify capacity building and other support requirements of local artists.
- Transition of elements of the 'One Hundred Thousand Small Tales' exhibition to an online platform and reopening of the exhibition to the public in August 2020 during the easing of the lockdown.
- Ongoing cataloguing of the George Keyt Collection and Gamini Ratnavira Collection at 'Cinnamon Lodge Habarana'.

Gratiaen Trust

JKF continued its primary sponsorship of the Gratiaen Trust (GT) to recognise, promote and nurture Sri Lankan authors residing in Sri Lanka reporting the following activities during the year:

- Due to the COVID-19-related restrictions, GT conducted its annual short list event and Gratiaen Prize event virtually attracting over 16,000 viewers. The online event enabled GT to reach a wider audience within and outside of Sri Lanka while recognising Sri Lankan authors resident in the country.
- A weekend event in association with JKF and 'Cinnamon Bentota Beach' was conducted featuring a poetry reading, travel history, archaeology, geographies, a panel discussion with cricket celebrity Kumar Sangakkara and Gratiaen writers, among others. The event attracted 90 guests.
- An event was organised in commemoration of Children's Day to encourage young readers. 98 children participated in these sessions which featured children's literature by renowned children's writer Sybil Wettasinghe among others.
- An online workshop on translations was successfully held in collaboration with the University of Peradeniya and Seagull School of Publishing, India which also served as a lead up to the H.A.I. Goonetilleke Award due to be presented in 2021/22.

HUMAN RIGHTS

Sunera Foundation

During the year under review, JKF concluded its sponsorship at Katugasthota and moved its support to Sunera Foundation's workshop for 19 differently abled children and youth in Galle. Although only three physical classes took place, the trainers continued to stay in contact with the families to keep the children engaged in home-based activities.

Aluwihare Heritage Centre (AHC)

During the year JKF took on a sponsorship for AHC's programme to identify, record and archive the works of over 4,000 tracings of batik samples of the late Ena De Silva - a renowned Sri Lankan artist credited with re-establishing the country's batik industry – and to support related activities of a group of women entrepreneurs in Aluwihare in the Matale District.



DISASTER RELIEF

Supporting fellow citizens in their time of need has been a vital aspect of JKH's culture.

Towards addressing the challenges ensued by the COVID-19 pandemic, the following initiatives were undertaken to strengthen the safety of the front-line workers and the community:

- JKF assisted five Government hospitals with the donation of Personal Protection Equipment (PPE) and KN95 masks.
- Six schools in Colombo 02 and Ranala were provided with handwashing units to support the observance of Government protocols for recommencement of schools post-COVID 19. Further, the community police of Colombo 02 were supported with chemicals and volunteer support to sanitise five schools.
- Handwashing units were provided to two Grama Niladari Divisions in Ranala and the Nawagamuwa Police Station.
- Donation of surgical masks and hand sanitisers to support 100 Government officials associated with the Colombo Divisional Secretariat.



LABOUR

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

The elimination of all forms of forced and compulsory labour;

Principle 5:

The effective abolition of child labour; and

Principle 6:

The elimination of discrimination in respect of employment and occupation.

LABOUR



TALENT MANAGEMENT

JKH understands the importance of developing, engaging and retaining high performing employees in improving business performance. To this end, JKH's talent management strategy aims to improve the overall employee experience by advocating continuous engagement through multiple channels and interventions.

- In a bid to cultivate a culture of recognition and appreciation, awareness programmes and training sessions were carried out for all People Managers on the Human Resource Information System (HRIS) which could be used to award badges of appreciation to hardworking employees, provide continuous feedback on employee performance and encourage feedback from peers.
- Introduction of a parental insurance cover to all employees.
- Leveraging on the scale of its workforce, JKH is in negotiation with vendors to offer its employees discounted terms across a vast range of products and services that are consumed on a day-to-day basis.
- JKH in liaison with an international human resources consulting firm, is in the process of conducting a comprehensive review of its entire human resources cycle and related policies in a bid to align its current human resource policies with global best practice.
- Talent management within JKH is reinforced through the functionalities of its IT platforms. The HRIS is a contemporary system which offers managers the tools to efficiently hire, manage, develop and retain talented employees. The talent management module assists with identifying talent pools, critical roles and facilitates effective succession planning. Moreover, the Internal Job Posting Programme provides an opportunity to utilise its workforce more effectively by facilitating employee mobility across departments.
- Maternity leave and Paternity leave were increased to one hundred days and five days respectively. An additional seven days of sick leave and adoption leave were introduced in order to improve the retention of talent, maintain productivity and boost employee morale.
- An Agile Working Policy was introduced to facilitate the current working arrangements with greater clarity, ensuring a higher degree of employee involvement and flexibility. The policy was established to serve as guidance to put in place working arrangements to ensure business continuity and safe and flexible conditions for employees and other stakeholders.



RECOGNITION

JKH drives a high-performance culture, and a number of employee recognition schemes are available for employees to ensure that all employees feel appreciated, encouraged and recognised. Special budgetary allocations are made available every year for this purpose, with awards for innovation, disruptive digitalisation, sustainability and CSR volunteerism also included in JKH's recognition schemes.

Online recognition tools such as 'Badges' are available on the HRIS for employees to recognise and appreciate their colleagues for displaying Company Values, going the extra mile, for outstanding work and great teamwork, which are, in turn, recorded on employee profiles and linked to their performance appraisal. Continuous feedback is made available for employees to give and receive feedback from their colleagues which is linked to the performance management portal on the HRIS.

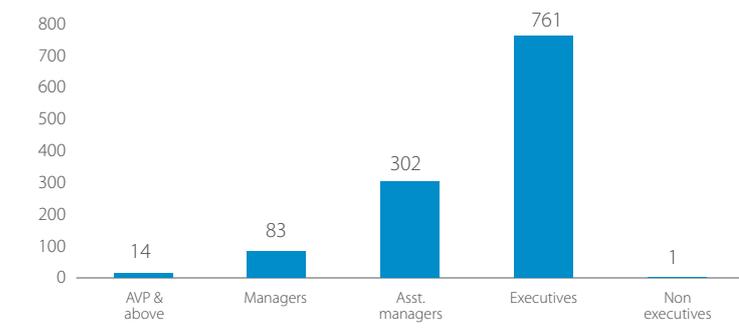
LABOUR



LEARNING AND DEVELOPMENT

Emphasis on continuous learning and development contributes towards nurturing talent that drives innovation and is able to adapt swiftly. In furtherance of JKH’s future-focused learning strategy, the Company has been transforming its learning environment in the past few years to one which is more learner-centric and digitally robust. Owing to the COVID-19 pandemic, JKH further augmented this transformation by establishing remote working practices across the Company where applicable, and adapted to the evolving environment through remote learning, e-modules, knowledge sharing series, learning competitions, leadership development and access to e-books.

Employee Training Hours
(Training Hours)



DIVERSITY, EQUITY AND INCLUSION

JKH is committed to cultivating a diverse, equitable and inclusive workplace which provides all employees a common platform and equal opportunity. Mutual respect and dignity are fundamental beliefs that underlie the human resources philosophy at JKH and this is formalised through the Company’s Code of Conduct, non-discrimination, Gender Policy and equal opportunity policies, which commit to maintaining an inclusive workplace where people can do their best work. All employees are responsible for treating their fellow colleagues with respect regardless of any differences, supported through a company-wide culture of tolerance and open communication.

As part of the Company’s emphasis on creating an inclusive work environment to all, which provides equal access and opportunity for advancement and growth, a wide range of initiatives and interventions are underway. The Company’s current primary focus under Diversity, Equity and Inclusion (DE&I) is increasing female participation in the workforce by implementing identified initiatives such as gender parity goals, employer supported childcare solutions, change agent networks and training and development. Some key initiatives in this regard included extension of maternity and paternity leave, introduction of adoption leave, promoting agile work arrangements, women centric training, mentoring female talent and institution of a Gender Policy. JKH also established a goal of increasing women participation up to 40 per cent by the end of 2025/26 [2020/21: 30 per cent], as a first step towards achieving gender parity in the employee cadre across its business units.

LABOUR



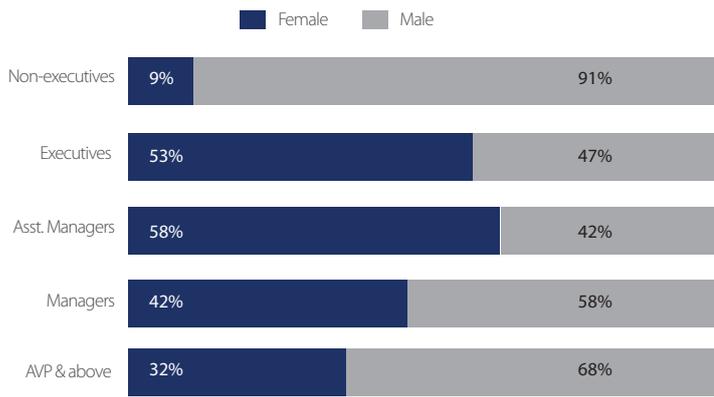
'ONE JKH' emphasises the Company's approach towards valuing diversity in our workforce and that life at JKH is inclusive. Irrespective of our race, religion, gender identity, sexual orientation, age, and ability, at JKH, we are ONE. The colours used in the logo represent:

Gender Parity | Differently Abled | LGBTIQ

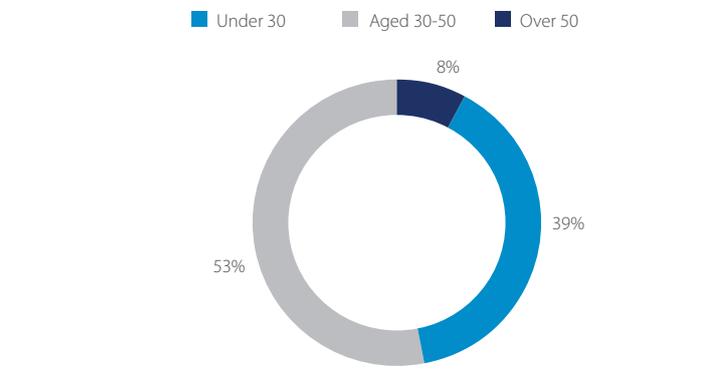
To visually consolidate the efforts towards diversity, equity and inclusion, the brand 'ONE JKH' was launched in September 2020. The logo is now incorporated into vacancy advertisements to reinforce JKH's position on inclusivity and equal opportunity.

This year, JKH joined 'Target Gender Equality', the UN Global Compact's accelerated programme towards increasing women's representation and leadership in business.

Employee Diversity by Gender



Employee Diversity by Age



LABOUR



COLLECTIVE BARGAINING

JKH carries out ongoing engagements with trade unions through joint consultative committees and other mechanisms.



HEALTH AND SAFETY

JKH places utmost priority in ensuring that it is a safe place to work and to this end, robust management systems are in place to ensure a safe working environment on an ongoing basis. This entails gathering data on causes of injury, most common types of injuries and the severity of incidents that take place.

This year, health and safety of all internal and external stakeholders associated with our operations took precedence amidst the outbreak of the COVID-19 pandemic and stringent procedures were adopted to allow business continuity whilst ensuring hygiene and safety protocols were in place.



INTERNAL AWARENESS CREATION

Under JKF's Project WAVE (Working Against Violence through Education), virtual awareness sessions, staff induction programmes and the launch of an interactive e-learning platform were used to provide basic and informative knowledge. Sessions were conducted by staff volunteers who were trained as Master Trainers to increase the pool of resources to sustain and scale gender and child protection awareness.



STAFF VOLUNTEERISM

Staff volunteerism plays a vital role in the success of initiatives undertaken by JKF. Staff volunteers can vary from project champions, sector coordinators, volunteer trainers and skill-based volunteers to those providing field and administrative support. Consonant with JKH's community engagement strategy, the John Keells Volunteer Network enables employees to go beyond their day-to-day work and make a hands-on contribution to the community and environment. The Company's volunteer leave policy enables staff to be released for CSR activities with minimum restraint while its recognition schemes enable CSR volunteers to be recognised and rewarded according to the qualitative and quantitative nature of their engagement.

Despite restrictions on field-based opportunities due to the COVID-19 pandemic, 38 staff volunteers engaged in projects undertaken by JKF while over 105 volunteer instances and over 184 hours were recorded during the year under review. Notwithstanding the challenges consequent to the pandemic, staff volunteers supported JKF to sustain and innovate planned activities including the conduct of a wide array of virtual and remote programmes during the year.



ENVIRONMENT

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

Undertake initiatives to promote greater environmental responsibility; and

Principle 9:

Encourage the development and diffusion of environmentally friendly technologies.

ENVIRONMENT



JKH strongly believes that a sound Natural Capital management strategy is a vital component of long-term sustainable value creation. As such, the Company has in place a comprehensive environmental management system which focuses on energy conservation, carbon footprint reduction, optimisation of water usage, efficient waste management and conservation of biodiversity. JKH is aware that it is a custodian of the environment for future generations and, as such, takes best efforts to minimise negative environmental impacts and ensure compliance with all applicable laws and regulations.

JKH has in place common guidelines for data measurements; electricity and fossil fuel consumption is metered, with calibration of such meters carried out regularly. While water withdrawal is also measured through meters, wastewater discharge is measured through meter readings as well as estimates. Waste generated is also largely based on estimates. 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.

As noted in the Communication on Progress 2019/20, JKH has further strengthened its commitments to its Natural Capital management strategy by establishing a new set of sustainability goals, in furtherance of the previous 2020 Sustainability Goals, to be achieved by 2025. These new goals, which are established at business level, have been extended to include contemporary environmental issues concerning renewable energy and plastic reduction in addition to energy and water related initiatives.



ENERGY AND CARBON FOOTPRINT

JKH strives to seek out methods for energy conservation through embracing lean energy management practices and replacement of fixtures with energy efficient alternatives and encourages the assessment of feasibility of renewable sources of energy where possible and applicable.

Similar to the previous year, the main contributor to JKH's carbon footprint was electricity from the national grid, followed by diesel usage. Given that Sri Lanka's national grid is hydropower based, the resultant carbon footprint is lower in contrast to countries producing power exclusively through fossil fuels.



WATER MANAGEMENT

The water policy at JKH seeks to conserve and optimise its use of water obtained from surface and ground water sources and wherever possible seeks to re-use wastewater after treatment with a view to reducing the intake of fresh water.

JKH continues to monitor and measure water usage from the National Water Supply and Drainage Board. All water withdrawn by the Company is from non-water stressed areas.



WASTE MANAGEMENT

The waste management policy at JKH is based upon the tenets of Reduce, Reuse, Recycle and encourages its employees and stakeholders to be mindful in terms of reducing consumption and to reuse and recycle wherever possible. Waste generated by the Company is segregated as hazardous and non-hazardous waste and classified and tracked based on the disposal method. Hazardous waste is disposed through specialised third-party contractors whilst JKH encourages non-hazardous waste to be disposed through methods such as reducing, reuse, recycling, recovery and composting rather than directing waste to landfill as far as possible.

ENVIRONMENT

Zero Waste Day

This initiative, which is aimed at discouraging employees from bringing single-use plastic to work, was continued with a renewed emphasis to reduce waste streams amongst employees working remotely. Suggestions to minimise waste at home, information on alternatives and facts relating to waste and best practices were communicated to employees via online platforms.

Adopt a Tree Project

As a part of the ongoing environmental sustainability drive, 119 kumbuk saplings were distributed free-of-charge among employees. The survival rates and growth of these plants are monitored through a digital application.



PAPER CONSERVATION

JKH continued its long-term contractual arrangement with Neptune Recyclers (Private) Limited to collect wastepaper from business locations for shredding and recycling during the reporting period.

IMPACT DURING 2020/21

Direct impact: 18,899 kg of waste paper collected for recycling and a monetary benefit of Rs. 151,192/-

Indirect impact: Reported saving of:

- 321 Trees
- 600,610 litres of Water
- 75,596 kWh of Electricity
- 33,168 liters of Oil
- 57 m³ of Landfill



BIODIVERSITY CONSERVATION

Nature Field Centre, Rumassala

The Nature Field Centre at Rumassala – developed in 2008 as a public private partnership between the Central Environmental Authority (CEA) and JKF - was closed for visitors in the reporting year until December 2020 owing to restrictions pertaining to the COVID-19 pandemic. Upon easing of such restrictions, 04 programmes were conducted benefiting 217 visitors. In order to sustain operations and promote the Centre, JKF in collaboration with the CEA has initiated the development of a promotional-cum- awareness video.

Forest restoration with Ruk Rakaganno

JKF initiated a three-year collaboration with 'Ruk Rakaganno' (The Tree Society of Sri Lanka) in its undertaking with the Department of Forest Conservation to support the restoration of 20 hectares of identified forest land in Suduwelipotha located in the Kalawana range of the Ratnapura District that will mimic the Sinharaja forest, the largest lowland rainforest in Sri Lanka and a biodiversity hotspot that is designated a World Heritage Site by UNESCO. The following activities were conducted during the reporting period:

- A Baseline Ecological Assessment of the site by an expert team to facilitate the purchase of field equipment and plants, and to commence clearing the land.
- A joint field visit by representatives from 'Ruk Rakaganno' and JKH to assess the need for a Baseline Biodiversity Survey. At the visit, relevant personnel engaged with the local community on tools and supply of plants, whilst a list of plants available at the nurseries was earmarked for the project.

ENVIRONMENT

'PLASTICCICLE' SOCIAL ENTREPRENEURSHIP INITIATIVE

JKH's Social Entrepreneurship Project – 'Plasticcycle' remains committed to its vision of being a catalyst in significantly reducing plastic pollution in Sri Lanka. 'Plasticcycle' aims to drive change through three key areas of focus - creating awareness, supporting responsible disposal and promoting recycling.

Over 250 collection points island-wide since its inception in 2017/18

- 330,000 PET bottles (~11 MT of recyclable plastic waste) collected in 2020/21

Creating awareness in a post COVID-19 world

In response to an unprecedented increase in the consumption of single-use plastic, driven by an adoption of various health and safety measures in light of COVID-19, 'Plasticcycle' focused on various digital initiatives concentrated on creating awareness on sustainable disposal of plastic waste. To this end:

- Commuters entering the Outer Circular Highway and Southern Expressway were encouraged to drop off their waste in any of the 'Plasticcycle' bins placed at the exits.
- Customised webinars and videos featuring renowned industry experts were made available to school children through social media platforms.
- 'Code Green-Agent of Change' was launched across the Company to encourage employees and their families to practice responsible disposal of plastics through the use of 'ecobricks' and other recycling techniques. 421 eco-bricks and 163 kg of recyclable plastic waste was collected and handed over to recyclers through this initiative.

Supporting responsible disposal

- 47 bins were placed at the Southern Expressway exit points, in collaboration with 'Cinnamon Wild Yala' and Ceylon Cold Stores PLC, increasing the total number of bins placed across the country to 259 bins.

Promoting recycling initiatives:

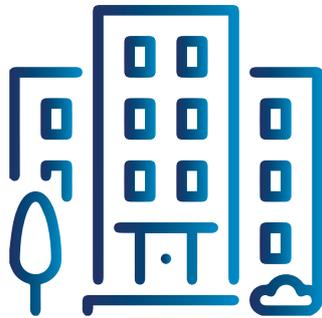
- Entered into a tripartite agreement with Ceylon Cold Stores and 'Zerotrash' to establish a more efficient and effective plastic waste collection mechanism. Primarily focused on the Colombo district, this entails the construction of a sorting centre which commenced construction in May 2021.



Adopt a Tree Project



Plasticcycle Bins



ANTI-CORRUPTION

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

ANTI-CORRUPTION



JKH's stringent Code of Conduct that all employees are required to adhere to is strengthened through a robust governance framework that includes policies on anti-fraud, anti-corruption, anti-money laundering and countering the financing of terrorism, a whistle-blower process, an independent Ombudsperson and a 'Chairman Direct' communication line, amongst others.

JKH Policy

JKH places the highest value on ethical practices and has promulgated a zero-tolerance policy towards corruption and bribery in all its transactions. JKH strives to maintain a culture of honesty and opposition to fraud and corruption. Based on this commitment, the Code of Conduct, anti-fraud, fraud prevention, anti-corruption, anti-bribery, validation and audit policies of JKH outline the principles to which we are committed in relation to preventing, reporting and managing fraud and corruption. It covers inter alia, theft, embezzlement, overriding controls, giving or receiving kickbacks, bribery, allowing oneself to be placed in situations of conflict of interest and statements (financial or non-financial) dishonestly and recklessly made contrary to the factual position. The Company also has a process to ensure compliance with the laws and regulations of the countries it operates in, including anti-corruption and anti-bribery laws.

JKH seeks to ensure that ethical business practices are the norm from the business unit level, down to the individual employee. Its transparent control and prevention mechanisms also extend to its value chain, to its customers, suppliers and business partners. At the employee level, every employee and director is required to comply with Company policies, including the Code of Conduct. The Company Leadership spearheads the implementation of the Code.

The Company's Annual Report also includes anti-corruption related disclosures in line with GRI 205: Anti-corruption 2016 - 205-1.

JKH Code of Conduct

- Allegiance to the Company and the Company Values
- Compliance with rules and regulations applying in the territories that the Company operates in
- Conduct all businesses in an ethical manner at all times in keeping with acceptable businesses practices
- Exercise of professionalism and integrity in all business and 'public' personal transactions

The Code of Conduct also includes policies on gifts, entertainment, facilitation payments, proprietary and confidential information.

Policies on anti-fraud, anti-corruption and anti-money laundering and countering the financing of terrorism and JKH's Code of Conduct, amongst other policies, also encompass:

- anti-bribery controls to prevent payments and contributions being made with the aim of obtaining an improper business benefit from any party including, but not limited to, clients, service providers, customers, business associates and political parties; and
- controls on gifting and favours. Accepting gifts or favours in whatsoever form, including from clients, service providers, customers, business associates and political parties, is prohibited if it was possible on the part of a "reasonable person" to conclude that the acceptance of such gifts or favours could directly or indirectly affect one's independence in decision making and conduct as an employee and/or if it could be seen by others as a consideration for an official or business favour.

Training

When Directors are newly appointed to the Board, they undergo a comprehensive induction where they are apprised, inter alia, of JKH Values and culture, its operating model, policies, governance framework and processes, the Code of Conduct and the operational strategies of JKH.

ANTI-CORRUPTION

At the employee level, every employee agrees to comply with JKH's Code of Conduct, when accepting the terms and conditions of employment. As all executive and above staff need to complete a mandatory learning course on the policies, which is carried out through the Learning Management System, all employees are familiarised with the conditions of JKH's Anti-Corruption policy which also extends to any agents who are authorised representatives of JKH and are educated on human rights practices. Employees are also expected to report any breach of the Code with the assurance of discretion and employees are provided with a number of channels to facilitate such reporting, such as Chairman Direct, Ombudsperson service and business unit-specific grievance handling process.

All policies of the Company are readily available to employees in the primary languages used in the country i.e. in Sinhala, Tamil and English.

Value Chain

In dealing with its value chain, JKH ensures transparency and fair practices, fostering mutually beneficial relationships based on open communication that stress the importance of business partners adhering to the ethical standards that underlie all business practices.

Further, a comprehensive selection process is carried out for JKH's key suppliers by JKH's Group Initiatives Division which involves evaluation committees including independent category managers and neutral parties. All suppliers that are selected are contractually bound to adhere to JKH's Supplier Code of Conduct which covers 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, it becomes a reason for termination of contracts and cessation of dealings.

In line with best sustainability practices inspired by the United Nations Global Compact, all contracts have clauses which disallow fraud and corruption amongst others.

Employee Reporting Channels

JKH continuously works towards introducing innovative and effective ways of employee communication and employee awareness. The importance of communication – top-down, bottom-up, and lateral-in gaining employee commitment to organisational goals has been conveyed extensively through various communications issued by the Chairman-CEO and the management. Whilst employees have many opportunities to interact with the senior management, JKH has created the ensuing formal channels for such communication through feedback, without the risk of reprisal.

- Skip level meetings
- Exit interviews
- Young Forum meetings
- 360-degree evaluation
- Employee surveys
- Monthly staff meetings
- Ombudsperson
- Access to Senior Independent Director
- Chairman-Direct
- Continuous reiteration and the practice of the 'open-door' policy

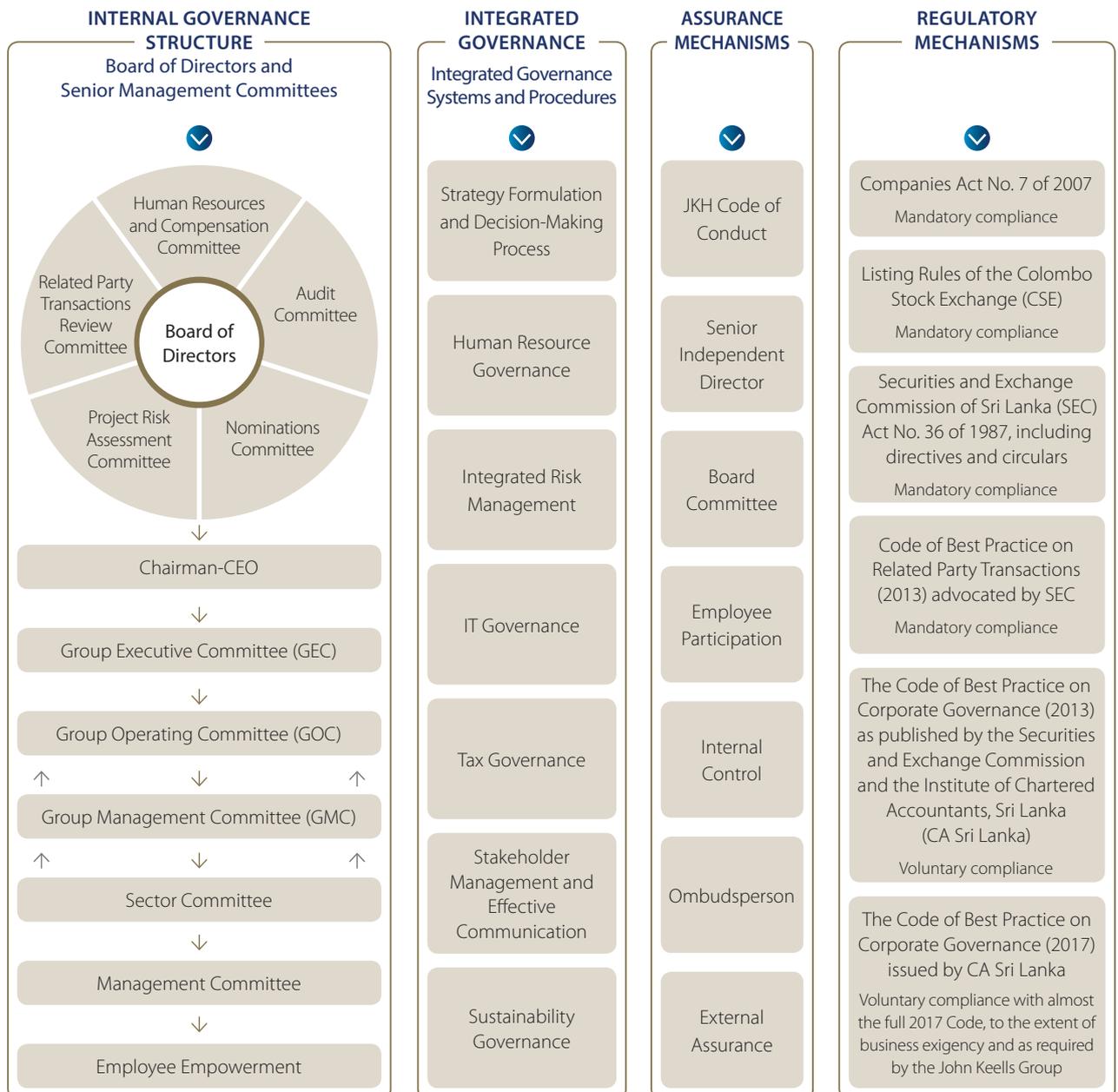
Additionally, JKH continued with its whistle-blower policy and securities trading policy. JKH has witnessed an increased level of communication flow from employees. Such communication and feedback received from the employees by the management are recorded, irrespective of the level of anonymity, and subsequently discussed and followed up. The respective outcomes are duly recorded.

ANTI-CORRUPTION

The Corporate Governance System

JKH’s framework has its own set of internal benchmarks, processes and structures towards meeting accepted best practice, in addition to the ‘triggers’ which ensure compliance with mandatory regulatory requirements. This framework is regularly reviewed and updated to reflect global best practice, evolving regulations, and dynamic stakeholder needs, while maintaining its foundational principles of accountability, participation and transparency. JKH’s Corporate Governance System plays a pivotal role in ensuring the implementation of Company policies and regulatory requirements, including policies aimed at fostering anti-corruption, anti-bribery, fraud prevention, anti-money laundering, among others, and also acts as an assurance mechanism with inbuilt internal controls.

The diagram below illustrates the key components of the Corporate Governance System of JKH. It depicts the internal governance structure, from the Board of Directors cascading down to employee level, the integrated governance systems and procedures, the Assurance Mechanisms in place and the various regulatory frameworks JKH is compliant with from a Governance standpoint.



ANTI-CORRUPTION

The Assurance Mechanisms as illustrated above, comprise of the various supervisory, monitoring and benchmarking elements of the Corporate Governance System. These mechanisms also act as 'safety nets' and internal checks in the Governance system. The Company also conducts internal and external audits on a periodic basis, annually at minimum. Doing so, aids the Company to identify and address potential areas of concern whilst addressing stakeholder requirements.

Regular Monitoring and Risk Assessment

JKH has procedures and processes to enable the prevention, mitigation and reduction of corruption. JKH assesses the risk of corruption as part of its risk management process and puts in place mitigation measures to reduce such risks.

Independent auditors and Management Committees continually review policies and assess the risk of non-compliance regarding corruption. All functions have a process for the prevention and reduction of corruption and are required to include and analyse the risk of corruption as part of their risk management process.

In order to ensure compliance, reviews are carried out at Management Committee level while instances of non-compliance (if any) are formally disclosed to those tasked with governance and oversight on a quarterly basis. Whilst external compliance audits for JKH are carried out annually, independent process reviews are carried out periodically, to assess the efficacy of process and related controls to continuously improve the risk management, controls and compliance posture of the Company.

The Board, Group Executive Committee and Group Management Committees, oversee risk management to ensure that risks are brought within tolerance, managed and/or mitigated.

The risk review programme covering the internal audit is outsourced as noted in the ensuing section. Reports arising out of such audits are, post review by the relevant Management Committees and Group Finance Director, forwarded to the Audit Committee of the Board on a regular basis. Further, the Audit Committee also assesses the effectiveness of the risk review process and systems of internal control on a regular basis. The Audit Committee also receives regular reports on the adequacy and effectiveness of internal controls in the Company, compliance with laws and regulations and established policies and procedures of the Company.

On the employee front, employees are also assessed with regard to whether or not they embrace those values set out in JKH's Code of Conduct as a part of the performance appraisal cycle.

Internal Controls

The Board has taken necessary steps to ensure the integrity of the Company's accounting and financial reporting systems and that internal control systems remain robust and effective via the review and monitoring of such systems on a periodic basis. A quarterly self-certification programme remains in place to confirm compliance with statutory and other regulatory procedures, and also to identify any significant deviations from the expected norms.

The Company has in place an integrated fraud deterrent and investigation framework which enables an integrated platform for handling all aspects of fraud and stakeholder assurance; reinforces uniformity across common processes in matters relating to fraud; employs a data driven approach to the continuous assessment of control efficacy and assesses and deploys appropriate preventive and detective controls against frauds. The digital system for quarterly financial and operational information management, implemented last year, continues to perform as per expectations facilitating data capturing for compliance reporting, providing a sustainable and structured mechanism to enable top-down and bottom-up stakeholder engagement, and tracking the progression of how the compliance posture at entity level has evolved, among others. The Forestpin 'Internal Audit Scoping' continues to be used to identify areas for process optimisation, strengthening controls and in feedback reporting to reinforce governance (management) and assurance structures.

ANTI-CORRUPTION

The Company is very aware of the need to ensure that no individual has excessive system access to execute transactions across an entire business process or business processes which have critical approval linkages, in the context that increasing use of information technology and integrated financial controls creates unintended exposures within the Company. Segregation of Duties (SoD) dictates that problems such as fraud, material misstatements and manipulation of financial statements have the potential to arise when the same individual is able to execute two or more conflicting, sensitive transactions. Separating disparate jobs into task-oriented roles can often result in inefficiencies and costs which do not meet the cost versus benefit criteria. Whilst the attainment of a zero SoD conflict state is utopian, the Company continues to take steps, to identify and evaluate existing conflicts and reduce residual risks to an acceptable level under a cost versus benefit rationale. No material conflicts were reported during the year.

The Company's internal audit process is conducted by outsourced parties at regular intervals. Whilst there are merits and demerits associated with outsourcing an internal audit, the Company is of the view that having an external based auditor is more advantageous. However, there are certain industries in which the Company has interests in, where the domain is very operationally specific and requires an internal auditor in addition to the external auditor.

Strengthening the Governance Framework and Controls

During the year under review, several initiatives were undertaken to further strengthen JKH's governance framework and controls:

- With the onset of the COVID-19 pandemic, JKH transitioned to 'work from home' arrangements, where possible. The Company's robust technology and digital platforms in place at the time enabled a seamless transfer with minimal impact on business operations.
- In order to further strengthen the IT frameworks in place, JKH continued with its migration to cloud-based identity management, consolidated the Security Operations Centre protocols, augmented data classification and management while migrating applications to the cloud and adopting digital platforms.
- Independence of the Company's whistle-blower channels was maintained by the appointment of a new Ombudsperson effective 1 December 2020. This individual is an attorney-at-law by profession.
- The integrated fraud deterrent and investigation framework, which was initiated with the aim of driving and delivering continuous improvements of its assurance related initiatives, ran its first full cycle of operations during the year under review. As envisaged, the framework integrated the management of all aspects of fraud and stakeholder assurance, reinforced uniformity across common processes in matters relating to fraud and employed a data-driven approach to the continuous assessment of control efficacy while enabling better monitoring and refining audit trails.
- The Company embarked on a journey of strengthening its internal audit and process review framework by further augmenting, through automation, its holistic approach to conducting internal audits and process reviews. This framework is expected to encourage auditors to report on value added recommendations, based on independent assessments and their knowledge of leading industry best practice and access to global knowledge bases. It will also help ascertain the degree of alignment between process controls and IT functional facilitation of these processes, expand its database of known types of fraud and maintain a central repository of data sets to undertake retrospective forensic data analysis and to steer audit scoping going forward.
- In 2019/20, JKH implemented a comprehensive data classification and rights management framework throughout all its business units with a continued focus on driving adoption and creating better awareness during the reporting year. This framework, designed to improve data stewardship and management of access to sensitive information across JKH, ensures that all data are appropriately classified, documented and stored effectively. The framework, supported by dedicated data owners and data stewards to ensure data privacy, data quality and rights management, was augmented during the year under review.
- Internal audits and external audits were conducted during the year under review.

ANTI-CORRUPTION

OUTLOOK

Increasing Emphasis on Environmental, Social and Governance (ESG) Aspects

ESG analysis and investing continue to gain traction amongst Governments, investment professionals and high net worth investors, given the aim of reducing negligent and irresponsible corporate behaviour that may have an adverse impact on the environment, harm human rights and foster corruption and bribery, among others, and disintegrate the corporate in the long-term. The unprecedented nature of the COVID-19 pandemic and its impacts globally have accelerated and intensified such discussions on the interlinkages between sustainability considerations and financial performance.

JKH is of the view that emphasis on ESG fosters a 360-degree analysis of performance and enables a sustainable business model, which can derive value to all stakeholders. Various measures have been, and are, in place, to ensure a holistic view of performance including managing scarce natural resources, enhancing the well-being of all stakeholders and ensuring effective governance mechanisms. Such metrics are revisited regularly during decision-making. Initiatives such as the launch of Sustainability Goals 2025, roll out of the Gender Policy and strengthening of internal controls are implemented with a view of ensuring a strong ESG framework. The Company will stay abreast of developments in this regard and continue to integrate ESG elements with business strategy, operations and in reporting.

Digital Oversight and Cyber Security

The rapidly advancing nature of technology and the continual integration of the Company's operations with technological progress has resulted in increased vulnerability for the Company from a digital standpoint. As a result, the Board places significant emphasis on ensuring that the Company's soft and hard infrastructure is designed in a manner, and adequate, to deal with a potential breach. Data protection and cyber security are regularly addressed during the Risk Management and Audit Committee meetings and periodically discussed at a Board level. Features such as the provision of timely alerts on action plans and escalation processes for risks, where action plans are over-due, ensure maintenance of live risk grids.

Data Protection, Information Management and Adoption

The presence of continuously evolving IT infrastructure and platforms to meet requirements of day-to-day business, augured well for the Company, particularly given restrictions in movement and social distancing measures in light of the COVID-19 pandemic. The Company witnessed an acceleration of digitisation and better user adoption. Despite this, adoption of such systems and features remain at a relatively early stage across the Company and is a key focus area for the Company. Given the emergence of regulations such as European Union General Data Protection Regulation (GDPR) and the proposed Sri Lankan data protection legislation, data security, integrity and information management will be pivotal. In addition to this, the Company's initiatives on advanced data analytics also necessitate an established governance framework to manage the flow of data. To this end, the Company will continue to strengthen its data governance structure to ensure ownership and accountability of clearly articulated data governance policies and processes and Company-wide data quality standards.

CORPORATE INFORMATION

Name of Company

John Keells Holdings PLC

Legal Form

Public Limited Liability Company
Incorporated in Sri Lanka in 1979
Ordinary Shares listed on the Colombo Stock Exchange
GDRs listed on the Luxembourg Stock Exchange

Company Registration No.

PQ 14

Directors

K N J Balendra - Chairman/CEO
J G A Cooray - Deputy Chairman/Group Finance Director
D A Cabraal
A N Fonseka
M A Omar
M P Perera
S S H Wijayasuriya

Senior Independent Director

A N Fonseka

Audit Committee

A N Fonseka - Chairman
D A Cabraal
M P Perera

Human Resources and Compensation Committee

D A Cabraal - Chairman
M A Omar
S S H Wijayasuriya

Nominations Committee

M A Omar - Chairman
K N J Balendra
M P Perera
S S H Wijayasuriya

Related Party Transaction Review Committee

M P Perera - Chairperson
D A Cabraal
A N Fonseka

Project Risk Assessment Committee

S S H Wijayasuriya - Chairman
K N J Balendra
J G A Cooray
M P Perera

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Auditors

Ernst & Young
Chartered Accountants
P.O. Box 101
Colombo, Sri Lanka

Bankers for the Company

Bank of Ceylon
Citibank N.A.
Commercial Bank of Ceylon
Deutsche Bank A.G.
DFCC Bank
Hatton National Bank
Hongkong and Shanghai Banking Corporation
Nations Trust Bank
People's Bank
Sampath Bank
Seylan Bank
Standard Chartered Bank

Depository for GDRs

Citibank N.A. New York



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