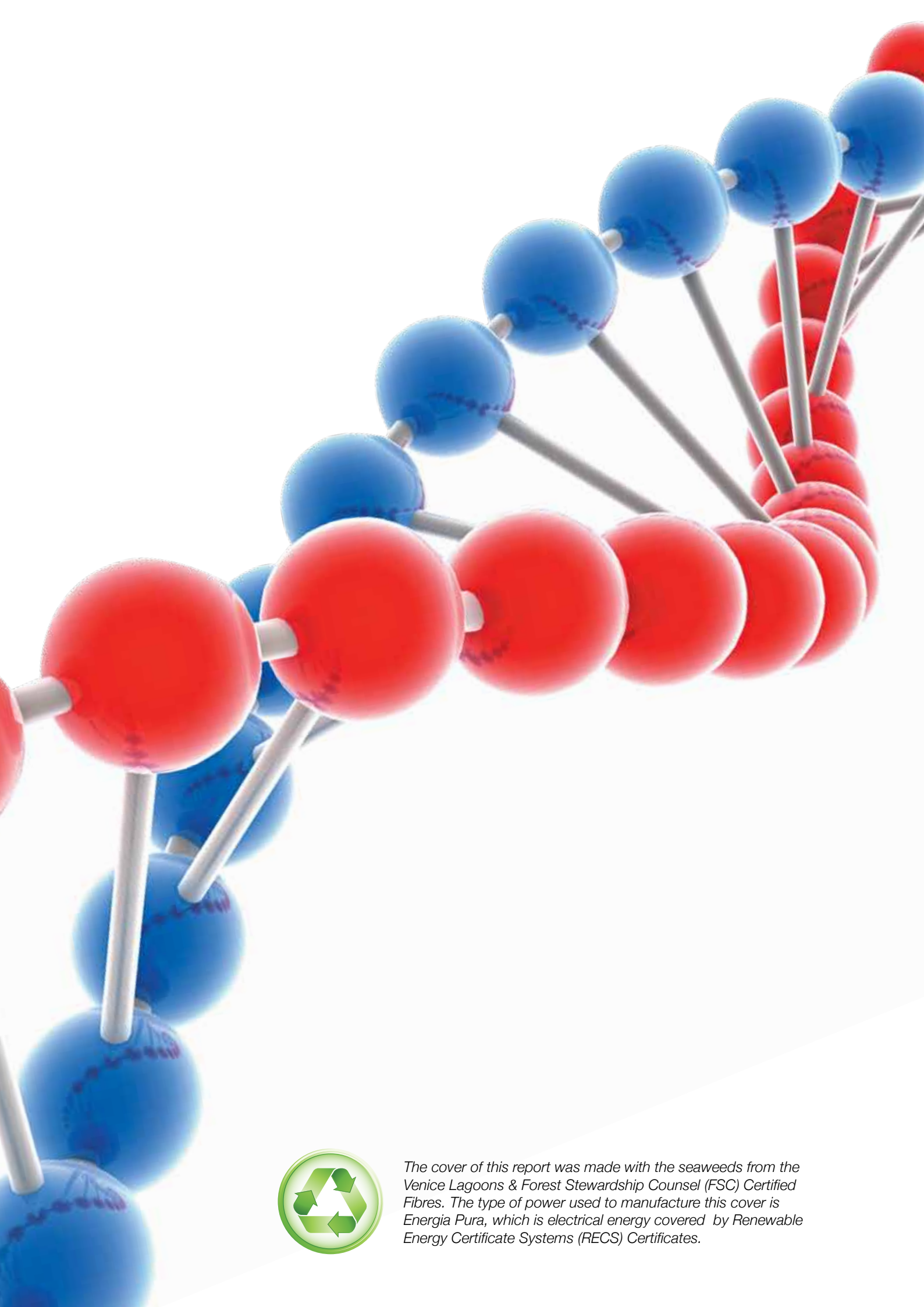


THE INSIDE STORY





The cover of this report was made with the seaweeds from the Venice Lagoons & Forest Stewardship Counsel (FSC) Certified Fibres. The type of power used to manufacture this cover is Energia Pura, which is electrical energy covered by Renewable Energy Certificate Systems (RECS) Certificates.



THE INSIDE STORY

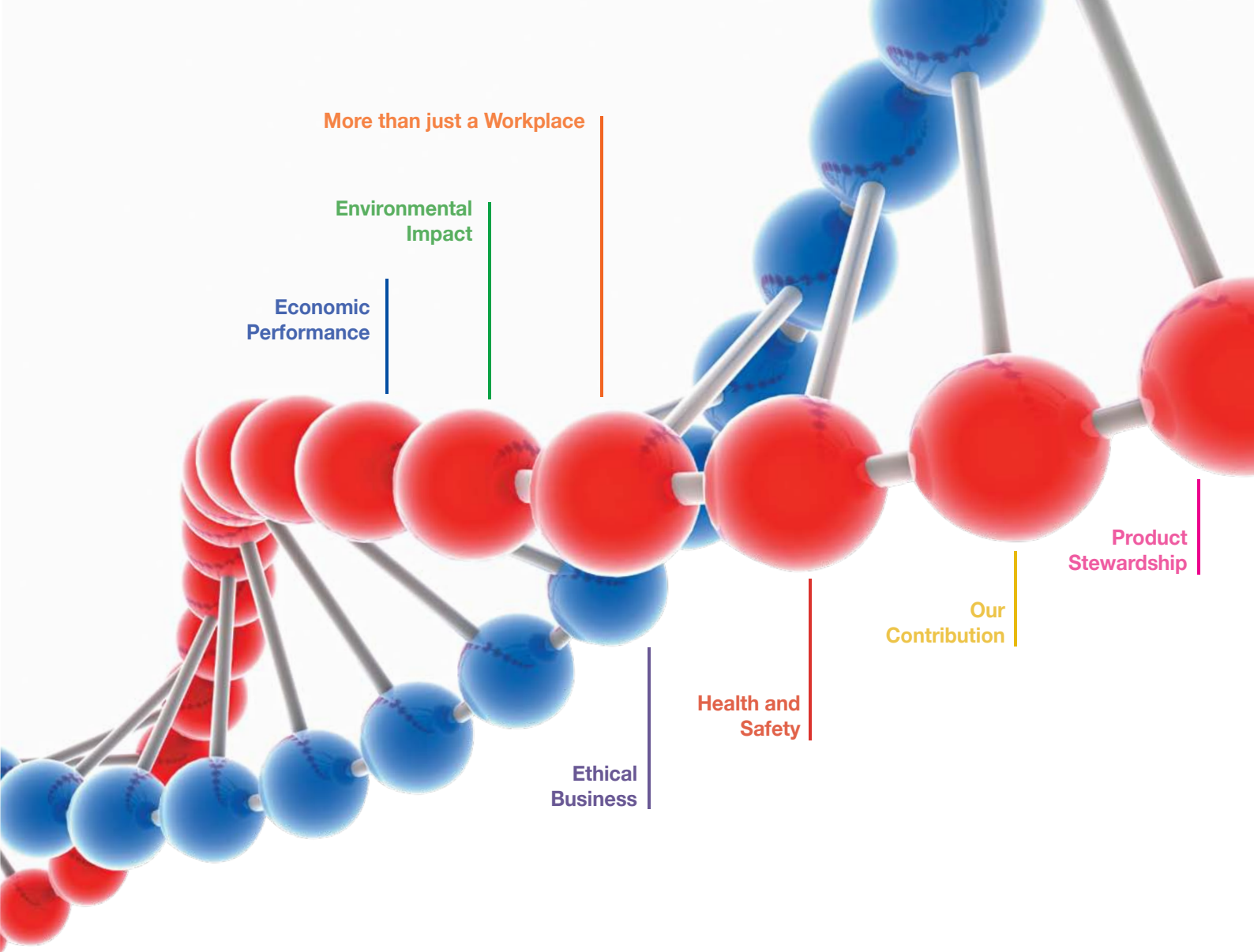
The John Keells Group is strongly committed to the seamless integration of sustainability throughout our value chain in each industry group. We have based our approach on the triple bottom line of economic, environmental and social performance and we conduct our operations in a manner that intersects advantageously with the environment and with people.

This report takes a closer look at our sustainability activities for the year under review - offering a detailed summary of our commitment to excellence and sustainability throughout our operations - a commitment inherent in our DNA and part of our every activity, that defines us and sets the standard for all that we do.

Our commitment is described in detail in this report, which shows our performance as measured against the Global Reporting Initiative (GRI-G3) benchmark. John Keells is also a member of the United Nations Global Compact (UNGC).

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More than just a Workplace

Environmental
Impact

Economic
Performance

Product
Stewardship

Our
Contribution

Health and
Safety

Ethical
Business

HOW TO READ THE REPORT

The John Keells Holdings Sustainability Report is a reflection of progress of our performance as a sustainable organisation. This year's report continues our sustainability story by providing information on our *economic performance*, *environmental impact*, *people engagement* and *societal commitments* for the financial year ending 31st March 2011.

The John Keells Sustainability Report is prepared in accordance with the Global Reporting Initiative (GRI-G3) framework, an internationally recognised framework for sustainability reporting. Readers may utilize the GRI Content Index on page 113 as a reference tool to access specific performance information and disclosures required by the GRI framework.

The John Keells Group has been a participant of the United Nations Global Compact (UNGC) Initiative since 2002. This report, which serves as a Communication on Progress, also reinforces the Group's commitment to implement the 10 principles recognized by the UNGC Initiative. Information on the group's financial performance for the same period is found in the John Keells Holdings PLC Annual Report 2010/2011.



CHAIRMAN'S MESSAGE

“The John Keells Group fully appreciates, and has embraced sustainability as being intrinsically interwoven with what we do and hence is now in the DNA of our business processes. I am pleased to report that its benefits, tangible and intangible, can now be felt across the Group.”

Dear Stakeholders,

Sustainability is fast becoming the backbone of the future of all modern corporates. The direct connection between economic growth and the safeguarding of triple bottom line priorities is becoming more emphasised with each passing day. With sustainability carving its own niche in the bigger picture of the business world, all stakeholders - be it investors, customers, suppliers or employees - are now increasingly becoming aware of the importance of seamless integration of sustainability into all aspects of business. The John Keells Group fully appreciates, and has embraced sustainability as being intrinsically interwoven with what we do and hence is now in the DNA of our business processes. I am pleased to report that its benefits, tangible and intangible, can now be felt across the Group.

Last year we committed ourselves to upholding and integrating sustainability into the value chain of all sectors in the Group by focussing not just on our financials, but also on our economic, environmental and social performance. This year, we have taken our sustainability process one step further, by decentralising the process to all our business units in order to closely link the Group's strategic and operational objectives. The main focus was to integrate the objectives of sustainability with those of the businesses and ensure they are practiced across the Group. The key change was that the sustainability goals and targets deliverable were determined by the individual business units, thereby facilitating their integration not only as an operational guideline but also as a performance target in their businesses.

This decentralisation process has been a very useful and extremely valuable exercise as it has made the businesses look very closely at its operations and practices and understand their impacts. During the reporting year we have been successful in establishing the goals and targets as well as action plans in the environment, labour and human relations categories. These goals and targets are monitored closely and reported against the performance of the businesses. We will make this process continuous and an integral part of our business practices in the review of all our operations and our stakeholder touch points.

The status of our performance for the last financial year against our goals for energy consumption, environment and conservation, labour and human relations are highlighted on page 108. It is encouraging to note that the Group has been successful in achieving most of its goals and targets for the reporting year. Our agenda for the year 2011/12 detailed on page 112 emphasizes the Group's focus on continuous improvement in all environmental, societal and economic aspects and will result in the evolution of best practices across all of our businesses.

Stakeholder engagement always being a priority, the Group held the Great Places to Work (GPTW) employee survey in the last quarter this year, measuring strengths and development areas of the organisation based on five dimensions: Credibility, Respect, Fairness, Pride and Camaraderie. Focus group discussions with the staff were also held by our external consultants to ensure that the management clearly understands the root causes of the concern areas emanating from the results. The results and findings have been shared with all staff members and action plans are currently being formulated to address concern areas. Communication tools such as Young Fora, the Group's social forum “JKConnect” and the newly launched Group knowledge sharing portal “SEEK” (Sharing Expediency Expertise and Knowledge) are channels which further facilitate regular employee dialogue and engagement. With 2011 being the “Year of Innovation” at the John Keells Group, Innovation teams have been put in place to encourage employees to think out-of-the-box and in turn entrench a culture of innovation in all our businesses, support functions and strategic business units.

As a conscientious employer and corporate citizen, the Group's HIV and AIDS Workplace Programme and Policy was rolled out across the Group to help protect the lives and livelihoods of our staff, while the Group's HIV and AIDS Awareness Campaign continues to educate the public at large.

John Keells continues to develop, support and educate communities in which it operates through its numerous CSR initiatives spearheaded by the John Keells Foundation. While these projects cover the areas of Education, Health, Environment, Community and Livelihood

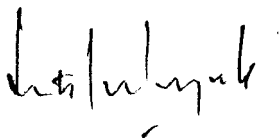
Development, Disaster Relief, Sustainable Sourcing and Arts and Culture, the Group also focuses on the continuous improvement of livelihoods of our business partners. Our Leisure Inbound sector's procurement of transport providers and the scheme of financial assistance provided to them, the sourcing of local produce by our supermarkets and the backward integration to partner our key suppliers such as vanilla and ginger out-growers as well pork and chicken suppliers, by our Food and Beverage sector, are some examples of how the Group's CSR initiatives are integrated into our Sustainability framework.

Last year's John Keells Sustainability Report became Sri Lanka's first to receive a 'GRI Application Level Check' and it emerged as the winner of the ACCA and ICASL Sustainability Reporting Awards for its content and coherence. Similar to last year, the Group's Sustainability Report this year is compiled at a GRI disclosure Level B(+), achieved a GRI Application Level Check and has been assured by a third party. The John Keells Group continues to be a participant of the United Nations Global Compact Initiative, focussing on UNGC's principles of Human Rights, Labour, Environment and Anti-corruption, which further emphasises the Group's commitment to the integration of sustainability into all our businesses. Supporting the country's commitment in achieving the Millennium Development Goals too, is yet another priority of the Group.

In a socio-political scenario devoid of conflict, and enjoying the multi-dimensional possibilities of freedom, Sri Lanka is now positioned for a voyage of unbounded development. Whilst capitalising on this opportunity, John Keells fully understands that new opportunities also bring about new challenges. Committed to safeguarding its multitude of stakeholders from these challenges, we have focused on employee retention and equipping our employees to meet these challenges, considering impacts on communities in all business expansion ventures, responsible marketing and communication and on ensuring conservation and energy efficiency in expanding our plants, among many others. The Group has also taken into consideration the macroeconomic and political trends, within which it functions at present, and these have been included in our sustainability priorities. These aspects have been focused on in our sustainability agenda for the current year.

We firmly believe that this is the country's best opportunity to make use of the hard won peace in achieving positive economic development for the future. We also believe that good governance, accountability and sustainable business practices are paramount to achieving these goals. The John Keells Group is well poised not only to be a leader in the private sector in this endeavour, but more importantly to do so responsibly, weighing the interests of all our stakeholders.

Yours sincerely,



Susantha Ratnayake
Chairman

WHAT MAKES US THE JOHN KEELLS GROUP

The John Keells Group founded in 1870, has withstood the test of time by reinventing, realigning and repositioning itself over the years. Originated as a produce and exchange broking business, started by two Englishmen, Edwin and George John, in Colombo, Ceylon, business opportunities in the post-independence economy spurred growth and expansion throughout the '50s and '60s. With Sri Lanka becoming a Republic in 1972, social and political change helped drive John Keells' expansion and diversification even further. Today, the company is Sri Lanka's largest listed conglomerate, making its presence felt in every major sphere of the economy.

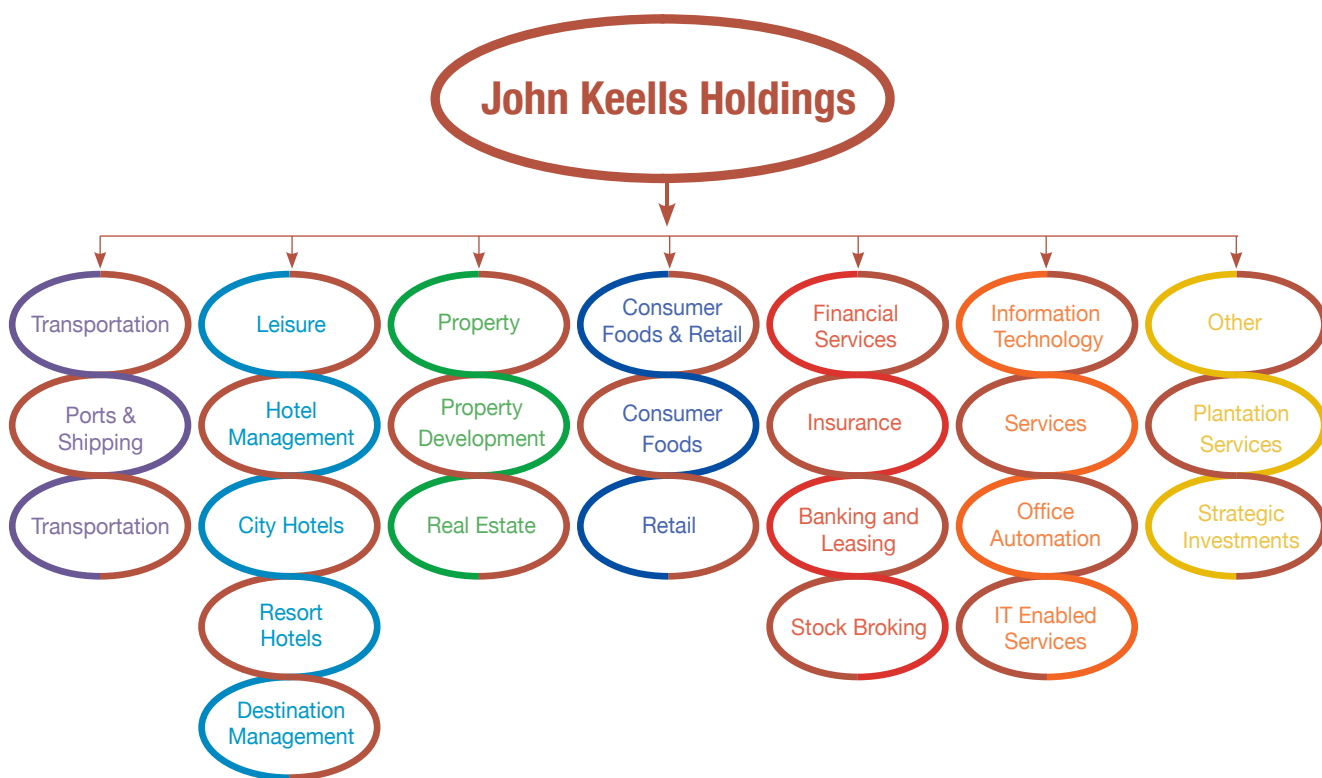
John Keells Holdings PLC (JKH) is a public limited liability company incorporated in 1979. Its ordinary shares are listed on the Colombo Stock Exchange (CSE); and became the first Sri Lankan company to

be listed overseas with Global Depository Receipts (GDR) issued on the Luxemburg Stock Exchange,

The holding company of the Group is John Keells Holdings PLC (JKH) situated at 130, Glennie St. Colombo 2 and it has offices spread around Sri Lanka as well as the Maldives, India, Mauritius, Singapore, UK, USA and the UAE and Canada.

OPERATING STRUCTURE

The John Keells Group operates primarily in the areas of Transportation, Leisure, Property, Consumer Foods and Retail, Financial Services, Information Technology among others.



The operating companies including subsidiaries and joint ventures, a description of the company and the regions they operate in are listed in the table given below.

Company by Industry Group and Sector	Business Description	Region **
TRANSPORTATION		
Ports and Shipping		
Keells Shipping (Pvt) Ltd	Shipping agency representation & logistics services	
Mackinnon Mackenzie & Co (Shipping) Ltd	Shipping agency representation & logistics services	
Transportation		
John Keells Logistics (Pvt) Ltd	Integrated supply chain & third party logistics solutions	
John Keells Logistics India (Pvt) Ltd	Shipping agency representation & logistics services	India
John Keells Logistics Lanka (Pvt) Ltd	International freight forwarder & logistics services	
Lanka Marine Services (Pvt) Ltd	Importer & supplier of heavy marine fuel oils & lubricants	
Mackinnon Mackenzie & Co of Ceylon Ltd *	Foreign recruitment agents & consultants	
Trans-ware Logistics (Pvt) Ltd *	Integrated container depot operations & logistic services	
Whittall Boustead (Pvt) Ltd - Cargo Division	International freight forwarder & logistics services	
John Keells Air Services India (Pvt) Ltd	General sales agents for airlines in India	India
Mack Air (Pvt) Ltd	General sales agents for airlines	
Mackinnons Travels (Pvt) Ltd	IATA accredited travel agent and travel related services	
Mack Air Services Maldives (Pte) Ltd	General sales agents for airlines in the Maldives	Maldives
LEISURE		
Hotel Management		
Keells Hotel Management Services Ltd	Manager & marketer of resort hotels	
John Keells Maldivian Resorts (Pte) Ltd	Hotel holding company in the Maldives	Maldives
John Keells Hotels PLC *	Holding company of group resort hotel companies in Sri Lanka and Maldives	
John Keells Hotels Mauritius (Pvt) Ltd *	Hotel holding company in the Mauritius	Mauritius
City Hotels		
Asian Hotels and Properties PLC -Cinnamon Grand	Owner & operator of the five star city hotel "Cinnamon Grand"	
Trans Asia Hotels PLC	Owner & operator of the five star city hotel "Cinnamon Lakeside".	
Resort Hotels		
Ceylon Holiday Resorts Ltd-Bentota Beach Hotel	Owner & operator of "Bentota Beach Hotel" in Bentota	
Beruwa Holiday Resorts (Pte) Ltd	Owner of Real Estate	
Hikkaduwa Holiday Resorts (Pvt) Limited	Will operate Chaaya Tranz	
Fantasea World Investments (Pte) Ltd	Owner & operator of "Chaaya Lagoon Hakuraa Huraa" in Maldives	Maldives
Habarana Lodge Ltd	Owner & operator of "The Cinnamon Lodge" in Habarana	
Habarana Walk Inn Ltd	Owner & operator of "Chaaya Village Habarana"	
International Tourists and Hoteliers Ltd *	Owner of real estate	
John Keells Maldivian Resorts (Pte) Ltd	Operator of "Chaaya Island Dhonveli " in Maldives	Maldives
Kandy Walk Inn Ltd	Owner & operator of "The Chaaya Citadel" in Kandy	
Rajawella Hotels Ltd *	Owner of real estate	
Resort Hotels Ltd	Owner of real estate	
Tranquility (Pte) Ltd	Owner and operator of "Cinnamon Island Alidhoo" in Maldives	Maldives

Company by Industry Group and Sector	Business Description	Region **
LEISURE		
Hotel Management		
Travel Club (Pte) Ltd	Operator of "Chaaya Reef Ellaidhoo" in Maldives	Maldives
Trinco Holiday Resorts (Pte) Ltd	Owner of the "Club Oceanic Hotel" in Trincomalee	
Trinco Walk Inn Ltd	Owner of Real Estate	
Wirawila Walk Inn Ltd *	Owner of real estate	
Yala Village (Pvt) Ltd	Owner and operator of "Yala Village" in Yala	
Destination Management		
Serene Holidays (Pvt) Ltd	Tour operators in India	India
Walkers Tours Ltd	Inbound tour operators	
Whittall Boustead (Travel) Ltd	Inbound tour operators	
PROPERTY		
Property Development		
Asian Hotels and Properties PLC - Crescat Boulevards, The Monarch, The Emperor	Developer and manager of integrated properties	
Real estate		
J K Properties (Pvt) Ltd	Property developers	
Keells Realtors Ltd	Owner of Land and building	
Whittall Boustead Ltd - Real Estate Division	Renting of office space	
John Keells Residential Properties (Pvt) Limited		
CONSUMER FOODS AND RETAIL		
Consumer Foods		
Ceylon Cold Stores PLC	Beverages, frozen confectionery, processed meats, dairy products and holding company of JayKay Marketing Services (Pvt) Ltd	
Keells Food Products PLC	Manufacturer and distributor of branded meat and convenience food products.	
John Keells Foods India (Pvt) Ltd	Manufacturer and distributor of branded meat and convenience food products.	India
Keells Food Products Mauritius (Pvt) Ltd *	Investment holding company	Mauritius
Retail		
JayKay Marketing Services (Pvt) Ltd	Operator of "Keells Super" chain of supermarkets	
FINANCIAL SERVICES		
John Keells Stock Brokers (Pvt) Ltd	Share broking services	
Union Assurance PLC	Life and general insurance underwriters	
INFORMATION TECHNOLOGY		
IT Services		
John Keells Computer Services (UK) Ltd	Software development services (UK)	UK
John Keells Computer Services (Pvt) Ltd	Software services	
John Keells Software Technologies (Pvt) Ltd	Marketer of software packages	
Office Automation		
John Keells Office Automation (Pvt) Ltd	Dealers in office automation equipment	
IT Enabled Services		
Auxicogent Alpha (Pvt) Ltd *	Investment holding company	Mauritius

Company by Industry Group and Sector	Business Description	Region **
INFORMATION TECHNOLOGY		
Office Automation		
Auxicogent Alpha (Pvt) Ltd *	Investment holding company	Mauritius
Auxicogent Holdings (Pvt) Ltd.	Holding company of Auxi group companies	Mauritius
Auxicogent International (Pvt) Ltd *	Investment holding company	Mauritius
Auxicogent International Lanka (Pvt) Ltd	BPO operations	
Auxicogent International US Inc	To manage the US based Sales Team for Quattro Business Support Services	US
Auxicogent Investments Mauritius (Pvt) Ltd *	Investment holding company	Mauritius
InfoMate (Pvt) Ltd	IT enabled services	
OTHERS		
Plantation Services		
John Keells PLC	Commodity brokers	
John Keells (Teas) Ltd *	Manager of bought tea factories & others	
John Keells Warehousing (Pvt) Ltd	Warehousing of rubber and tea	
Tea Smallholder Factories PLC	Owner and operator of factories for tea smallholders	
Strategic Investments		
Facets (Pvt) Ltd *	Owner of real estate	
John Keells Holdings Mauritius (Pvt) Ltd *	Holding company in the Mauritius	Mauritius
John Keells International (Pvt) Ltd	Regional holding company providing administrative & function based services	
J K Packaging (Pvt) Ltd *	Printing and packaging services provider for the export market	
John Keells Singapore (Pte) Ltd	International trading services	Singapore
Keells Consultants Ltd	Company secretarial services to the group	
Mackinnon and Keells Financial Services Ltd *	Rental of office space	
Mortlake Ltd *	Investment company	
Nexus Networks (Pvt) Ltd	Operator of a loyalty card programme	

* Non Operational Company/Investment Company/Land only/Holding Company/Investment Holding Company/Managing company/Rental of office spaces

** In Sri Lanka if not specified

The companies serve a variety of customers ranging from individuals to businesses to governments. The primary customers served by the sectors are:

- Individual - Consumer Foods & Retail, IT, Financial Services, Property, Leisure
- Businesses - IT, Transportation, Leisure, Other (Plantation Services)
- Government - IT

These services are provided through the primary brands listed below:-

- Transportation – John Keells Logistics
- Leisure – Cinnamon Hotels and Resorts, Chaaya Hotels and Resorts
- Property – John Keells Land
- Consumer Foods and Retail – Elephant, Fountain Café, Keells, Keells Super, Super K, Krest, K Choice, KIK

The above brands include brands which have been introduced newly during the reporting period.

The total employee population of the Group was 11,186; while the Group's net asset value as at 31 March 2011 was Rs. 59.59 billion. Total equity for the year was Rs. 67.19 billion and total debt for the year was Rs. 14.64 billion. Net sales amounted to Rs. 60.50 billion.

John Keells Holdings had growth opportunities to most of its businesses due to the end of the war. Consumer Foods and Retail with its distribution network expanding to the North and the East and Financial Sector, primarily Union Assurance opening branches in these areas benefited the most. Resort hotels re opened the "Club Oceanic" hotel in Trincomalee under the name of "Chaaya Blu" with the number of rooms expanded to 81. They also commenced the construction of a new 200 room resort hotel in Beruwala which will be branded "Chaaya Bey" and embarked on a complete refurbishment of the Coral Gardens Hotel in Hikkaduwa which will be re-launched later this year as "Chaaya Tranz". The Property Sector commenced the construction of 3 residential towers each 36 storeys high housing 475 residential units in Colombo. The Consumer Foods sector launched a new cola drink in to the domestic market by the name of KIK COLA.

The use of outsourced products and services for the primary business operations are limited to the companies where it is an industry practice to do so or it has been proven to be an efficient and effective business model versus performing these functions in-house. For example, in the transportation industry group, certain transportation and loading functions as well as the barge crew and warehousing staff are outsourced to gain maximum efficiency in the respective operations. Similarly, the production and or the packaging of certain products in the Consumer Foods and Retail industry group too are outsourced.

SIGNIFICANT CHANGES DURING THE REPORTING PERIOD

Acquisitions and Investments

- Acquired 5.604 Mn shares (14.9%) in Union Assurance PLC
- Additional equity infusion of Rs. 65 million to John Keells Logistics Lanka (Pvt) Ltd

- Purchase of Shares in John Keells Residential Properties for Rs. 925 Mn in exchange of land at Union Place
- Invested Rs. 146.75 million to convert Nations Trust Bank warrants to shares.
- Purchased the head lease of Dhonveli Island for a period of 18 years
- Invested Rs.947 Mn by participating in a rights issue of its subsidiary International Tourists and Hoteliers Limited thereby increasing its effective share holding to 98.39%.
- Invested Rs. 600 Mn by subscribing to the rights issue of its fully owned subsidiary Beruwela Holiday Resorts (Pvt) Limited for the purpose of funding the construction of Chaaya Bey Hotel.
- Invested Rs. 485 Mn by participating in a rights issue of its subsidiary Ceylon Holiday Resorts Limited and thereby increased its effective share holding to 98.65%. Ceylon Holiday Resorts Limited thereafter invested Rs. 485 Mn in Hikkaduwa Holiday Resorts (Pvt) Limited for the purpose of funding the refurbishing and upgrading of Coral Gardens Hotel.

DIVESTMENTS

- Divested 37.5 Mn shares of John Keells Hotels PLC
- Divested the head lease of Alidhoo Island in Maldives
- Divested 11.62 Mn shares of Asian Hotels & Properties for Rs. 1.98 Bn

CHANGES IN SHARE CAPITAL

Total number of JKH shares in issue as at 31 March	
2010/11	629,692,367
2009/10	619,473,632
2008/09	611,352,996

AWARDS WON BY GROUP COMPANIES – 2010/2011

Industry Group	Company/ Business Unit	Awards Received
Transportation		
	Mackinnons Travels (Pvt) Ltd.	<ul style="list-style-type: none"> Gold award - Singapore Airlines for Top Agent - 2010/11
	Mack Air (Pvt) Ltd	<ul style="list-style-type: none"> American Airlines Cargo - Eagle Award
Leisure		
City Hotels	Cinnamon Lakeside	<ul style="list-style-type: none"> Total of 28 medals and 2nd place among the 5 Star City Hotels - Culinary Art 2010 Gold and Silver Awards - Cocktail and Mocktail Competition - Chefs' Guild of Sri Lanka 2010 Best Spiced Ice Cream - World Spice Food Festival 2010 'Most Honoured Citizens' award from Colombo Municipal Council (CMC), in recognition of the valuable contribution the hotel has made towards city development by making payment of Municipal rates and taxes on time and without arrears during the past five years. Green Globe Certification Colombo Region 1st Place in Classic Category and All Island 2nd Place in the Flairing Category - Marie Brizard Cocktail Competition Gold Award in Hospitality and Hospitality Related Travel Category - Sri Lanka Malaysia Business Council Certificate of Commendation in recognition of Excellence in Cleanliness and Food Hygiene - Colombo Municipal Council ICASL Awards 2010 - Hotel Sector - Bronze Award
	Cinnamon Grand	<ul style="list-style-type: none"> Best Classic Cocktail Category Award – National All Island Marie Brizard Bartender Competition Best "Spiced Tea" Category Award - World Spice Food Festival Best Hotel Award - CMC Public Health Department Crowns for Food Hygiene Certificate with 5 out of 5 'Crowns' for food hygiene
Resort Hotels	John Keells Hotels PLC	<ul style="list-style-type: none"> STING Corporate Accountability Rating - Gold Award for 2011 Institute of Chartered Accountants of Sri Lanka Annual Reports (ICASL) Awards 2010 - Gold Award in the Hotel Sector
	Chaaya Island Dhonveli	<ul style="list-style-type: none"> First Choice Travel Company Gold Award for Chaaya Island Dhonveli for Customer Satisfaction for 2010
	Chaaya Reef Ellaidhoo	<ul style="list-style-type: none"> TUI-UK First Choice Travel Company Gold Award for Chaaya Island Ellaidhoo for Customer Satisfaction for 2010
Leisure Inbound	Walkers Tours (Pvt) Ltd	<ul style="list-style-type: none"> Presidential Awards 2010 - Best Tour Operator – Domestic, Airlines: Contribution to Tourism - Best Charter Airline of the Year handled by Walkers Tours Ltd, Best Niche Operation: Adventure - Nature Odyssey (Brand of WTL), Excellence in Service: Best Chauffeur Tourist Guide Lecturer, Excellence in Service: Best National Guide Lecturer
	Whittalls Boustead (Pvt) Ltd	<ul style="list-style-type: none"> Presidential Awards 2010 - Excellence in Service: Best National Guide Lecturer
Consumer Foods & Retail		
	Ceylon Cold Stores (CCS)	<ul style="list-style-type: none"> ICASL Awards 2010 - Food and Beverages Sector – Gold Award SLIM-Nielsen Peoples Awards 2010 – Most Popular FMCG Beverage Brand of the Year for Elephant House Cream Soda
	Keells Food Products PLC (KFP)	<ul style="list-style-type: none"> ICASL Awards 2010 - Food and Beverages Sector - Silver Award NCE Export Award 2010 - Silver Category

AWARDS WON BY GROUP COMPANIES – 2010/2011 contd.

Industry Group	Company/ Business Unit	Awards Received
Information Technology		
	John Keells Office Automation	<ul style="list-style-type: none"> National Gold Award 2010 for Toshiba Notebook Long Outstanding Partner – South Asia Region The Best New Partner – FEC POS Solutions and second place – Success Story Competition at FEC Global Partner Conference 2010 – Hangzhou, China.
Financial Services		
	Union Assurance PLC (UA)	<ul style="list-style-type: none"> ICASL Awards 2010 - Excellence in Annual Financial Reporting - joint overall 2nd place, Corporate Governance Disclosures - overall 2nd place and 1st place in the Insurance Sector SAFA Annual Reports Awards 2010 - 3rd place overall, 1st in Corporate Governance Disclosures, 1st in Insurance Sector HRM Awards – 2010 - HRM Silver Award National Business Excellence Awards - 1st in the Insurance Sector, 2nd place overall for Performance Management Practices National Chamber of Industries - Achiever Award for Industrial Excellence and Silver Award Extra Large Category - Service Sector Achiever Award for Industrial Excellence – Silver Award for Service Sector Extra Large Category Service Sector
Others		
	John Keells Holdings PLC	<ul style="list-style-type: none"> HRM Awards 2010 - Super 10 – Gold Award Winner ICASL Awards 2010 - Excellence in Annual Financial Reporting - Joint Winners Bronze, Corporate Social Responsibility Reporting Awards – Gold award, Diversified Holdings (Groups above 5 subsidiaries) - Joint Sector Gold Award ACCA Awards 2010 - Winner in Sustainability Reporting South Asian Federation of Accountants (SAFA) - Best Presented Accounts Awards 2009 for Hospitality, Health, Transport & Shipping Category - Joint Winners STING Corporate Accountability Rating - Platinum Award for 2011
	Tea Smallholder Factories PLC	<ul style="list-style-type: none"> "Silver Flame" - Medium Category of the Manufacturing Sector of the Sri Lanka National Energy Efficiency Awards 2010 ICASL Awards 2010 - Manufacturing Sector - Bronze Award
	John Keells PLC	<ul style="list-style-type: none"> ICASL Awards 2010 - Certificate of Compliance for Sector - Diversified Holdings (upto 5 subsidiaries)

ISO CERTIFICATION FOR GROUP COMPANIES – 2010/2011

Industry Group	Company/ Business Unit	ISO Certification
Transportation		
	Mackinnons Travels (Pvt) Ltd.	ISO 9001:2008
	Mack Air (Pvt) Ltd	ISO 9001:2008
Leisure		
City Hotels	Cinnamon Grand Colombo	ISO 22000 for Food Safety
		ISO 14001 for environment
		OHSAS 18001 for employee & Guest safety
	Cinnamon Lakeside Colombo	ISO 22000:2005
Resort Hotels	Cinnamon Lodge Habarana	ISO 22000:2005
	Chaaya Island Dhonveli	ISO 22000:2005, OHSAS 18001:2007
	Chaaya Village Habarana	ISO 14001:2004, ISO 22000:2005, OHSAS 18001:2007
	Chaaya Citadel Kandy	ISO 14001:2004, OHSAS 18001:2007, ISO 22000:2005
	Chaaya Lagoon Hakuraa Huraa	ISO 22000:2005, OHSAS 18001:2007, ISO 14001:2004
	Bentota Beach Hotel	ISO 14001:2004, OHSAS 18001:2007, ISO 22000:2005
	Chaaya Reef Ellaidhoo	ISO 14001:2004, ISO 22000:2005, OHSAS 18001:2007
	Chaaya Blu Trincomalee	ISO 22000:2005
Inbound	Walkers Tours Ltd	ISO 9001:2008, ISO 14001:2004
	Whittall Boustead (Travel) Ltd.	ISO 9001:2008, ISO 14001:2004
Consumer Foods & Retail		
	Ceylon Cold Stores (CCS) PLC	ISO 22000:2005, ISO 9001:2008/SLS ISO 9001:2008
		ISO 9000 in 2008 and is valid for 3 years.
	Keells Food Products PLC (KFP)	ISO 9001:2008/SLS ISO 9001:2008, ISO 22000
Information Technology		
	John Keells Computer Services (JKCS)	ISO 9001: 2008
	John Keells Office Automation (JKOA)	ISO 9001: 2008
	InfoMate	ISO/IEC 27001: 2005
Others		
	John Keells Holding PLC	ISO 9001:2008
	Tea Smallholder Factories PLC – Neluwa Tea Factory	ISO 22000:2005
	John Keells Warehousing (Pvt) Ltd	ISO 22000:2005



SUSTAINABILITY POLICY AND FRAMEWORK

“John Keells Group continues to report on sustainability periodically as per the Global Reporting Initiative (GRI) framework, and constantly reviews its policies, practices and targets pertaining to sustainability based on feedback received via regular and on-going stakeholder engagements.”

SUSTAINABILITY POLICY

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

OUR POLICY

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

HOW WE DO IT

Last year, all companies in which JKH has a controlling interest were subjected to the Group's sustainability policy as per the relevance to their business. Frequent awareness and integration of sustainability within the organisation helped encourage all Group companies to implement similar policies.

This year, the John Keells Group took its sustainability process one step further, gradually transforming it from being a centrally-driven exercise to making it a priority of each and every one of the Group's businesses. With the onus and responsibility of the entire sustainability process now lying with each business unit, the Group is moving steadily towards engraining this approach across all of its businesses. This important shift in the implementation process has elicited greater participation at all levels within the businesses which the Group sees as an important cornerstone of the integration process going forward.

Further encouraging and empowering the Group's staff to be proactive on sustainable performance, not only at work, but also at home and in the community, and monitoring its performance against a progressively stringent yardstick has also further helped to strengthen the John Keells' sustainability process. Similar to last year, the John Keells Group continues to report on sustainability periodically as per the Global Reporting Initiative (GRI) framework, and constantly reviews its policies, practices and targets pertaining to sustainability based on feedback received via regular and on-going stakeholder engagements. This progressive approach by the Group will ensure that sustainability is indeed here to stay.



CORPORATE GOVERNANCE

“John Keells Group is committed to the highest standards of business integrity, ethical values and professionalism in all its activities towards rewarding all its stakeholders with greater creation of value, year-on-year.”

The John Keells Group is committed to the highest standards of business integrity, ethical values and professionalism in all its activities towards rewarding all its stakeholders with greater creation of value, year-on-year.

This philosophy has been institutionalised at all levels in the Group through a strong set of corporate values and the written code of conduct as given below, that all employees, senior management and the Board of Directors are required to follow in the performance of their official duties and in other situations that could affect the Group's image. The behaviours of JKH staff at executives and above levels, particularly the senior management are monitored regularly including through an annual 360° feedback. All the Group's recognition schemes insist, as a minimum, that all nominees have lived the JKH values.

OUR VALUES

We are passionate about

- Changing constantly, re-inventing and evolving
- Striving to get things right the first time
- Doing the right things always
- Constantly raising the bar
- Fostering a great place to work
- Building strong relationships based on openness and trust

CODE OF CONDUCT

The four basic principles of the JKH code of conduct and ethics, are;

- The allegiance to the Company and the Group
- The compliance with rules and regulations applying in the territories that the group operates in
- The conduct of business in an ethical manner at all times and in keeping with acceptable business practices
- The exercise of professionalism and integrity in all business and 'public' personal transactions

JKH corporate governance philosophy practiced is in full compliance with the following and where necessary, any deviations as allowed by the relevant rules and regulations have been explained.

- Companies Act of 2007
- Listing rules of the Colombo Stock Exchange (CSE) and subsequent revisions up to 1st April 2011
- The recommendations of the Combined Code of 2010 to the extent that they are practicable in the context of the nature of our diverse businesses and their risk profiles.
- All provisions of the Code of Governance of the Institute of Chartered Accountants of Sri Lanka.

BOARD RESPONSIBILITIES AND DECISION RIGHTS

The Board of Directors is accountable to the shareholders for the governance of the company. All directors share a responsibility in ensuring the highest standards of disclosure and reporting, ethics and integrity across the Group. Powers specifically reserved for the board include –





































- Providing direction and guidance to the company in the formulation of its strategies with emphasis on the medium and long term in the pursuance of its operational and financial goals
- Approving annual budgets and strategic plans
- Reviewing HR processes with emphasis on top management succession planning
- Appointing and reviewing the performance of the Chairman-CEO
- Monitoring systems of governance and compliance
- Overseeing systems of internal control and risk management
- Determining any changes to the discretions/authorities delegated from the board to the executive levels
- Approving major acquisitions and disposals and capital expenditure
- Approving any changes to constitutional documents
- Approving the issue of JKH equity/debt securities

BOARD COMPOSITION AND INDEPENDENCE

As at 31st March, the board consists of 9 Directors -

- 3 executive Directors and
- 6 non-executive Independent directors.

Independence of the Directors have been determined in accordance with CSE Listing Rules and the 6 independent non-executive members have submitted signed confirmations of their independence.

Non Executive/ Independent Directors (NED/ID)	Shareholding ¹	Management/ Director ²	Material Business Relationship ³	Employed by the Company ⁴	Family member a director or CEO ⁵	Continuously served for nine years ⁶
F Amerasinghe						
I Coomaraswamy						
T Das						
S Enderby						
D Rodrigo						
S Tiruchelvam						

 Compliant

 Compliant with explanation

Definitions

- 1 Shareholding carrying not less than 10% of voting rights
- 2 Director of another company**
- 3 Income/Non cash benefit equivalent to 20% of the director's income
- 4 Two years immediately preceding appointment as director
- 5 Close family member who is a director or CEO
- 6 Has served on the board continuously for a period exceeding nine years

Explanation

None of the individual ED or NED/ID shareholding exceeds 1% None of the NED/IDs are directors of another related party company as defined NED/ID income/cash benefits are less than 20% of individual director income

None of the NED/ID are employed or have been employed at JKH No family members of any ED or NED/IDs is a director/CEO of a related party company see note below

Note: All directors make a formal declaration of all their interest on an annual basis. Based on such declarations and notwithstanding that Franklyn Amerasinghe and Tarun Das have completed 9 consecutive years, the board considers them 'independent' given their objective and unbiased approach to matters of the Board.

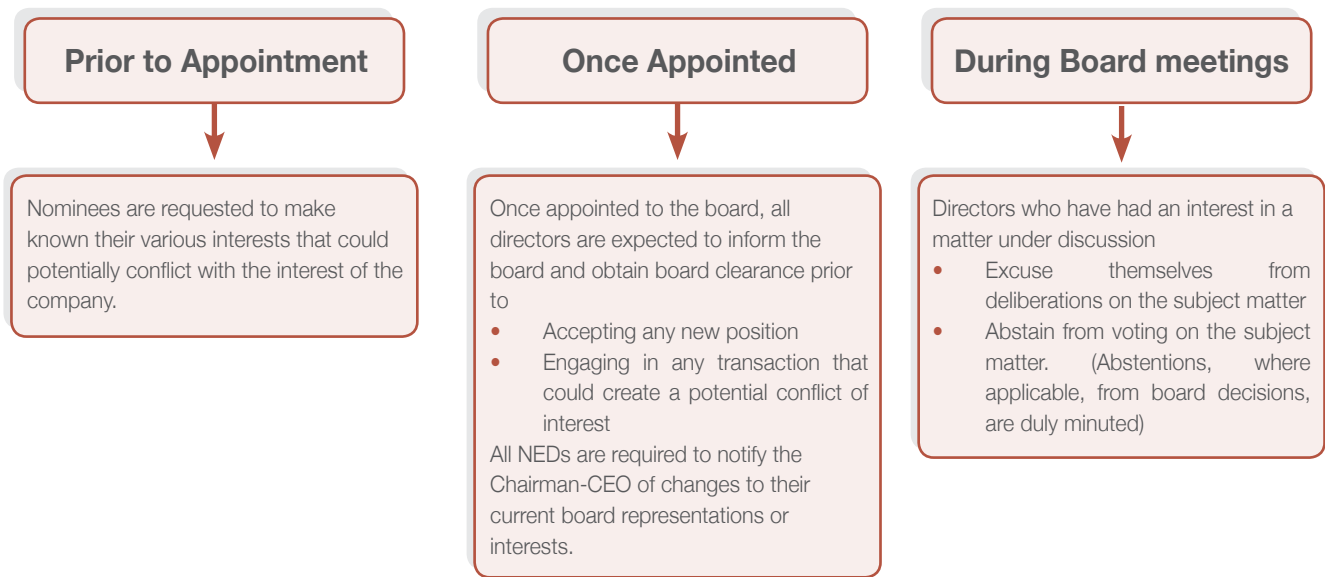
** Other companies in which a majority of the other directors of the listed company, are employed, or are directors or have a significant shareholding or have a material business relationship

BOARD MEETINGS, AGENDA AND ATTENDANCE

As a general rule, the board of JKH meets once every quarter, in the least. During the year under review, the board met on five occasions which is one more than the recommended due to a special meeting that was held. Sustainability has been discussed in each of the four regular Board meetings held during the year

CONFLICTS OF INTEREST AND INDEPENDENCE

Each director has a continuing responsibility to determine whether he or she has a potential or actual conflict of interest arising from external associations, interests in material matters and personal relationships which may influence his judgment. Such potential conflicts are reviewed by the board from time to time.



Details of companies in which board members hold board or board committee membership is available with the company for inspection by shareholders on request.

ROLE OF THE CHAIRMAN -CEO

The Chairman, who is also the Chief Executive Officer (CEO), is responsible for:

- leading the board and for its effectiveness
- executing the strategies and policies of the board.

The Chairman, while leading the board in effectively discharging its duties towards all stakeholders, ensures with the assistance of the Board Secretary, that:

- board procedures are followed
- directors receive timely, accurate and clear information
- there are updates on matters arising between meetings
- board agendas are dispatched two weeks prior to the board meeting leaving 10 clear calendar days for the directors to read the material

The Chairman:

- sets the tone for the governance and ethical framework of the Group
- ensures that constructive working relations are maintained between the executive and non-executive members of the board

As the CEO, he guides and supervises executive directors in striking a balance between their board and executive responsibilities.

The board has delegated some of its functions to board committees. While retaining final decision rights pertaining to matters under the purview of these committees.

The board has, subject to pre-defined limits, delegated its executive authority to the Chairman-CEO who exercises this authority through the Group Executive Committee (GEC), which he heads and to which he provides leadership and direction.

ROLE OF THE CHAIRMAN-CEO

The Chairman-CEO had structured direct discussion with the non-executive directors during the year subsequent to meeting conveyed by the Senior Independent Director with the Non-Executive Director. Issues arising from such discussion have been actioned in consultation with the effected persons

APPROPRIATENESS OF COMBINING ROLES OF CHAIRMAN AND CEO

The appropriateness of combining the roles of Chairman and CEO has been discussed regularly and in the minimum, once per year. On the basis of such discussions and the 'pros' and 'cons' that emerged from the review by the Boston Consulting Group, the board deems that combining the two roles is more appropriate for the Group at present, in meeting stakeholder objectives in a conglomerate setting.

As the head of the Group Executive Committee (GEC), the Chairman-CEO provides the overall direction and policy/execution framework for the board's decisions via this structure. Experience has proved that this structure has enabled him to effectively balance his role as the Chairman of the board and the CEO of the company/Group.

An overview of the delegation of board functions and the delegation of the executive authority are graphically illustrated on the facing page.

BOARD OF DIRECTORS' DELEGATION OF AUTHORITY



GROUP EXECUTIVE COMMITTEE (GEC) AND SUCCESSION PLANNING

ROLE OF THE GEC

The GEC is the overlay structure, under the leadership and direction of the Chairman-CEO, that

- Implements the policies and strategies determined by the board
- Manages, through delegation and empowerment the business and affairs of the Group
- Makes portfolio decisions and prioritises the allocation of capital, technical and human resources.

The GEC also assists the Chairman-CEO in

- Succession planning and the appointment of presidents, sector heads, functional heads and other senior managers,
- The career management of assistant vice presidents and above.

As at 31 March 2011, the 9 member GEC consisted of the Chairman-CEO, the Deputy Chairman, the Group Finance director and the Presidents of each industry group.

The succession planning process by the GEC is well tested where proactively a pool of potential successors for a number of key positions are identified and earmarked for specific training and development as is necessary.

A key feature of the JKH operating model is that the GEC members, particularly the presidents, not only play a mentoring role, but are totally accountable for the businesses and functions under them.

GROUP OPERATING COMMITTEE (GOC)

As at 31 March 2011, the 21 member GOC consisted of the Chairman-CEO, the Deputy Chairman, the Group Finance Director, the Presidents and the Executive Vice Presidents.

The GOC provides a platform to share learning on issues that cross industry groups, sectors, business units and functions. It is also the forum to discuss Group strategy, group initiatives and Group best practices. Its main purpose is to act as a glue binding the various businesses within the Group towards identifying and extracting Group synergies in implementing them.

GROUP MANAGEMENT COMMITTEE (GMC) AND OTHER COMMITTEES AND SUCCESSION PLANNING

The other key operating committees are the GMCs, the Sector Committees and the Management Committees that focus on:

- strategy
- performance monitoring
- career management and succession planning of employees below assistant vice president level
- risk management and
- group initiatives

For and at an industry group, sector, strategic business unit and business unit levels respectively.

Each industry group and key functions have GMCs, sector and management committees as appropriate. Business and function units are encouraged to take responsibility and accountability to the lowest possible level via suitably structured committees and teams in management by setting objectives.

The agendas of these committees are carefully structured to avoid duplication of effort and ensure that discussions and debate are complementary both in terms of a bottom-up and top-down flow of accountabilities and information. As stated earlier, the responsibility and accountability lie with the Chairman-CEO, the presidents, the sector/functional heads and the profit centre/function managers as applicable.

The introduction of peer adjusted organisational ratings in 2007/08 in determining pay for performance has resulted in the search by business units, sectors and industry group of productivity enhancements, process improvements and cost efficiencies within a framework of better teamwork.

OPERATIONS PLANNING, MONITORING AND DECISION RIGHTS

Responsibility for monitoring and achieving plans as well as ensuring compliance with group policies and guidelines rests with the, Presidents, Sector Heads, and the Chief Executive Officers of each Group company and heads of functions at the corporate centre at the business unit and function levels.

At the GMC level and above, the focus is more on headline financial and non-financial indicators, strategic priorities, risk management, use of IT as a tool of competitive advantage, new business development, continuous process improvements and human resource management.

MONITORING OF FINANCIAL DATA:

- Actual financials are compared against the original plan and/or the reforecast on a monthly basis at GMC, Sector Committee, Management Committee and Departmental Committee levels
- Actual financials are reviewed at least quarterly by the GEC.
- The Presidents and Executive Vice Presidents, the CEOs of business units and managers of functions are able to view online, the information relevant to their areas of responsibility.
- The Chairman-CEO and the GEC are able to view key financial information for all Group companies on a real time basis via the Group ERP system.

REMUNERATION

Pay for performance

At JKH, the employees are rewarded with a customised 'pay for performance' scheme based on the following:

- Manager and above level: Performance is measured annually on well defined individual and organisation objectives and metrics which reflect, and are positively correlated to, the company's objectives, thereby aligning employee, management and stakeholder interests.
- Assistant Manager and Executive level: individual performance rating only.

The rationale for the exclusion of organisational rating at Assistant Manager and executive levels was that individuals at those levels had little direct influence on the bottom line of their organisations. Organisational ratings are determined using the annual plan as the

yardstick with adjustments made, as relevant, for the organisation's performance relative to its peers.

The rating system which was introduced in 2006/07 has led to increased productivity and better performance, greater employee recognition and, consequently, reward and the alignment of employee, management and stakeholder interests. The pay for performance system has, as its bedrock, the performance management system (PMS) and the detailed remuneration surveys which the group conducts on a regular basis. A comprehensive review of the PMS was made during the year with a view to determining whether the PMS lead to employee behaviour in line with what was expected when it was introduced. Any shortcomings identified were addressed. Additionally, the Group also engages in ongoing reviews of remuneration obtained via the participation in other corporate surveys which are relevant to the Group. The Group during 2010/11 also conducted a climate survey titled Great Place to Work (GPTW) during the year to better understand the varying needs of the staff. The GPTW survey benchmarked the group against the top 25 companies in India and the Fortune 100 companies in employee satisfaction aspects including credibility, management competency and employee engagement.

The pay for performance system has, as its bedrock, the performance management system (PMS) which the Group has been perfecting over the last few years and the detailed remuneration surveys which the group conducts on a regular basis. Additionally, the Group also engages in ongoing reviews of remuneration obtained via the participation in other corporate surveys which are relevant to the Group. The group during 2010/11 also conducted a climate survey titled Great places to Work (GPTW) during the year to better understand the varying needs of the staff.

Key principles

The Group believes in a Compensation Policy based on equal pay for equal roles, irrespective of gender.

The key principles underlying the group's remuneration policy are-

- All Assistant Vice President (AVP) and above roles across the group have been banded by an independent third party on the basis of the relative worth of jobs, thereby enabling internal equity.
- Fixed compensation is set at levels that are competitive to enable the recruitment and the retention of high calibre executives in the identified career levels/job bands - as guided by the median, 65th percentile and 75th percentile of the best comparator set of companies (from Sri Lanka and the region, where relevant).
- Compensation, comprising of fixed (base) payments, short term incentives and long term incentives are tied to individual performance at all levels and organisational performance at manager levels and above.
- Performance is measured annually on well defined individual and organisation objectives and metrics which reflect, and are positively correlated to, the company's objectives, thereby aligning employee, management and stakeholder interests. Organisational ratings are additionally modified to reflect market conditions via a set of pre-agreed peer comparators.
- The more senior the level of management, the higher the proportion of the incentive component, and thereby lower the proportion of the fixed (base) component in the total target compensation.

- As the decision influencing capability of a role increases, the individual performance holds lesser weightage than the organisational performance in determining total compensation and incentives.
- Long term incentives have, up to now, taken the form of Employee Share Options (ESOP). They have been offered to employees, in defined career levels, based on pre-determined criteria which are uniformly applied across the eligible levels. Such options were offered at market prices prevailing on the date of the offer. The last ESOP award was made on 9 December 2010.
- All remuneration policies are ultimately based on considerations of affordability and sustainability.
- Clear communication, and the transparency, of current and proposed policies are deemed a must.

The process mentioned above is reviewed regularly for any shortcomings and steps are taken to address any issues identified.

MAKE-UP OF REMUNERATION FOR EXECUTIVE DIRECTORS

The remuneration of the Chairman-CEO and the executive directors are determined as per the remuneration principles of the Group and falls under the responsibilities of the Remuneration committee. At this higher level, the benchmark weightage between individual and organisation performances in establishing compensation is 20:80.

The remuneration of executive directors have a significant element which is variable, such variability being linked to the peer adjusted consolidated Group bottom-line and minimum returns on shareholder funds.

The Executive Directors, like other eligible employees, have received employee share options based on role responsibility and actual performance. The number of options so awarded was recommended to the board by the Remuneration Committee. Such options were awarded at the closing market price on the date of award. The last ESOP award was made on the 9th December 2010.

The share options made available to each of the Executive Directors for the year has been disclosed in the Annual Report of the Board of Directors 2010/11. Disclosures have been also been made to the Colombo Stock Exchange as an when executive directors exercised their options or sold their shares.

MAKE-UP OF REMUNERATION FOR NON-EXECUTIVE DIRECTORS

Compensation of NEDs is determined in reference to fees paid to other NEDs of comparable companies. The fees received by NEDs is determined by the board and reviewed annually.

NEDs receive a fee for devoting time and expertise for the benefit of the Group in their capacity as Director and additional fees for either chairing or being a member of a committee. NEDs do not receive any performance/incentive payments and are not eligible to participate in any of the Group's pension plans or share option plans. Non-executive fees are not time bound or defined by a maximum/minimum number of hours committed to the Group per annum, and hence is not subject to additional/lower fees for additional/lesser time devoted.

BOARD EVALUATION

The board continued with its annual board performance appraisal in 2010/11. It is a formalised process of self appraisal, whereby each member assesses, on an anonymous basis, the performance of the board under the headings of-

- role clarity and effective discharge of responsibilities (in relation to the responsibilities highlighted earlier in this report)
- people mix and structures
- systems and procedures
- quality of participation
- board image.

The scoring, and open comments, were collated by the Senior Independent Director (SID) and the results were analysed to give the board an indication of its effectiveness as well as areas that required addressing and/or strengthening. Despite the original anonymity of the remarks, the open and frank discussions that follow, including some directors identifying themselves as the person making the remark, reflects the keenness of the board to make themselves more effective. The evaluations revealed that whilst areas previously identified as weak had strengthened, there were others which could be further improved.

The Remuneration Committee, appraises the performance of the Chairman-CEO on the basis of pre-agreed objectives for the Group set in consultation with the board as follows.

Group's performance	Group's performance	Soft Issues*
✓ Against plan	• Against peers	✓ Company Image
	• Revenue growth	✓ Customer Orientation
	• Market share	✓ Human Resource Management
	• Profit growth	✓ Societal Trust
	• Earnings per share	

BOARD APPOINTMENTS

The responsibility for identifying and proposing suitable candidates for appointment as Non-Executive Director of JKH, in keeping with the target board composition and skill requirements, lies with the Nominations Committee. The mandate of the committee remains:-

- To recommend to the board the process of selecting the Chairman and the Deputy Chairman
- To identify suitable persons who could be considered for appointment to the board as non-executive directors
- Make recommendation on matters referred to it by the board

The committee continues to work closely with the board in reviewing, the current and the emerging needs of the group in determining the future composition of the Board. The emerging needs combined with the objectives and the strategies set for the coming years are considered key when identifying skill sets required. The nominations committee based on these requirements then scans the external environment to identify potential candidates that can add value to the existing board. Dr. I Coomaraswamy was appointed to the board as at 7th February 2011.

Currently the Board members have varying qualifications in economic, environmental and social topics and are involved in many committees and associations that serve the business community as a whole. Highlighted below are economic, environmental and social work the Board of Directors are involved in.

Susantha Ratnayake - Chairman-CEO

Susantha Ratnayake was appointed as the Chairman and CEO of John Keells Holdings PLC in January 2006 and has served on the JKH board since 1992/93. He is also the Chairman of many of the listed and un-listed companies within the Group. He is a council member of the Employers' Federation of Ceylon, serves on various clusters of the National Council of Economic Development (NCED)

and is the Vice Chairman of the Ceylon Chamber of Commerce as well as the Chairman of the Sri Lanka Tea Board. He has over 33 years of management experience, all of which is within the John Keells group.

Ajit Gunewardene - Deputy Chairman

Ajit Gunewardene is the Deputy Chairman of John Keells Holdings PLC and has been a member of their Board for over 18 years. He is a Director of many companies in the John Keells Group and is the Chairman of Nations Trust Bank PLC and Union Assurance PLC. He is a member of the board of Nanco (Pvt) Ltd, a company established for the development of Nanotechnology in Sri Lanka under the auspices of the Ministry of Science and Technology. He has also served as the Chairman of the Colombo Stock Exchange. Ajit Gunewardene has a degree in Economics and brings over 29 years of management experience.

Ronnie Peiris - Group Finance Director

Appointed to the John Keells Holdings PLC board during 2002/03, Ronnie Peiris has overall responsibility for Group's Finance and Accounting including Taxation, the Information Technology function and Group Initiatives. He was previously the managing director of Anglo American Corporation (Central Africa) Limited in Zambia.

Ronnie has over 40 years finance and general management experience in Sri Lanka and abroad. He is a Fellow of the Chartered Institute of Management Accountants, UK; Association of Chartered Certified Accountants, UK, and the Society of Certified Management Accountants, Sri Lanka, and holds an MBA from the University of Cape Town, South Africa. He is a member of the committee of the Ceylon Chamber of Commerce, Chairman of its Taxation sub committee and also serves on its Economic, Fiscal and Policy Planning Sub Committee. He is the Vice President of Institute of Directors.

NON-EXECUTIVE DIRECTORS

Franklyn Amerasinghe

Appointed to the board during 1999/00, Franklyn Amerasinghe is the former CEO and Director General of the Employers' Federation of Ceylon. He was thereafter attached to the ILO as a senior specialist in the social dialogue sector in charge of Employers Organisations in East Asia up to October 2002. A bachelor of law and a lawyer by profession, he is currently a consultant and trainer in social dialogue, human resource management, corporate social responsibility and industrial relations, both in Sri Lanka and abroad. He has also authored books on a wide range of subjects and published papers in some international and local journals. He is a founder trustee of the Association for Dialogue & Conflict Resolution. He was also one of the founder directors of the Skills Development Fund.

Dr. Indrajit Coomaraswamy

Dr Indrajit Coomaraswamy was appointed to the John Keells Holdings PLC Board in February 2011.

Dr. Coomaraswamy was an official in the Central Bank of Sri Lanka from 1974-1989. He worked in the Economic Research, Statistics and Bank Supervision Divisions. During this time he was seconded to the Ministry of Finance and Planning (1981-89).

He was employed by the Commonwealth Secretariat from 1990-2008. During that time he held the positions, inter alia, of Director, Economic Affairs Division and Deputy-Director, Secretary-General's Office. He was subsequently Interim Director, Social Transformation Programme Division, Commonwealth Secretariat (Jan-July 2010)

Dr. Coomaraswamy completed his undergraduate degree at Cambridge University and obtained his Doctorate at the University of Sussex.

Tarun Das

Mr Das has spent his entire working career in industry associations, starting in November 1963 with the predecessor body of Confederation of Indian Industry (CII) and was the Director General and Chief Executive of CII from April 1967 till May 2004 and Chief Mentor from June 2004 to October 2009.

He is Co-Chair of the Indo-US Strategic Dialogue (Track II) and of Indo-US-Japan Strategic Dialogue (Track II). He is also a member of the India- Singapore Strategic Dialogue (Track II) and the India-China Strategic Dialogue (Track II).

He is a LifeTime Trustee of The Aspen Institute, USA; Member, Board of Governors, East West Centre, USA; Member, International Council, The Asia Society, USA; President, Aspen Institute India; Managing Trustee, Indian Business Trust for HIV/AIDS; Vice President, World Wide Fund- India; Member of the Board of GIVE India Foundation; Member, Board of Trustees, Public Interest Foundation; Member, Board of Governors, National Council of Applied Economic Research (NCAER).

He is a member of the Advisory Group for G-20, Ministry of Finance, Government of India. He is also a member of the Expert Group set up by the Planning Commission on Government-Industry Consultations and member of the Expert Group to formulate a jobs plan for the State of J&K. Earlier, he chaired the Planning Commission Task Force on Skills Development.

He is a non-Executive Chairman, Haldia Petrochemicals Ltd; Member of the Board of Directors of West Bengal Industrial Development Corporation (WBIDC) and of John Keells Holdings PLC, Sri Lanka. He was a member of the government-nominated Board of Satyam Computers in 2009. He is also on the International Advisory Board of ACE Insurance, USA; Member, India Advisory Board of VOITH (Germany); JCB (UK)

Steven Enderby

Appointed to the board in 2005/06, Steven Enderby is currently based in India where he is a partner in the leading emerging markets private equity investor, Actis. His other directorships include SML Isuzu, Avtec, Tema India, Halonix, and Actis Advisers. Steven holds a BSc (Hons) in economics and accounting from the Queens University of Belfast and is a member of the Chartered Institute of Management Accountants, UK.

Deshamanya Deva Rodrigo

Appointed to the board in July 2006, Deva Rodrigo, a chartered accountant, had a career with the international accounting and consulting organisation PricewaterhouseCoopers, joining the firm in East Africa in 1974 and serving in its London offices in 1980. He was a Founder Partner when PricewaterhouseCoopers established its Sri Lankan firm in 1981, and held the position of senior partner from 1992 to 30 June 2006, when he retired from the firm. He was also the chairman of the Ceylon Chamber of Commerce from 2004-2006.

He has previously held public office as a director of People's Bank and as a member of the Telecommunication Regulatory Commission. Deva was also a member of the Monetary Board of the Central Bank of Sri Lanka and a member of the National Council for Administration. He also serves as the Chairman Audit Committee and Non Executive Director of Ceylon Tobacco Co., PLC and Chevron Lubricants Lanka PLC.

Sithie Tiruchelvam

Appointed to the board in January 2007, Sithie Tiruchelvam, a lawyer of the Supreme Court of Ceylon, and specialises in corporate law, intellectual property law and labour law. She has obtained her LLB from the University of Ceylon in 1966, and was admitted to the Supreme Court as an Advocate in 1968. She is a Founding Partner of the law firm Tiruchelvam Associates. She has been listed as a leading lawyer in corporate and commercial matters by Chamber Asia Pacific. She currently serves on the board of, Central Corporate & Consultancy Services (Pvt.) Limited and the Nadesan Centre for Human Rights through Law.

AUDIT COMMITTEE FUNCTIONS

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. The Company's management has the primary responsibility for the financial statements, for maintaining effective internal control over financial reporting, and for assessing the effectiveness of such control systems. In fulfilling its oversight responsibilities over financial reporting, the Committee reviewed and discussed the company and consolidated financial statements with Company management, including a discussion of the quality, not just the acceptability, of the accounting principles; the reasonableness of significant judgments and assertions made; and the adequacy of disclosures in the financial statements.

The principle focus of the Committee was to provide assistance to the Board of Directors of John Keells Holdings PLC in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and other shareholders relating to:

- a. the integrity of the Company's and Consolidated financial statements
- b. the effectiveness of the Company's internal controls over financial reporting
- c. the Company's compliance with legal and regulatory requirements
- d. the Independent External Auditors' qualifications, performance and independence
- e. the performance of the Company's Group Risk & Control Review (Group R&CR) Division and of the firms engaged to carry out the internal audits of group entities

STAKEHOLDER RELATIONSHIPS

Constructive use of AGM

In general all necessary steps are taken to facilitate the exercise of shareholder rights at AGMs. JKH ensures that it meets the regularity requirements in keeping the shareholders informed of AGM's and EGMs within the specified time period including mailing of notice of meetings and related documents, voting for the election of new directors, new long term incentive schemes or any other issue of materiality that requires a shareholder resolution.

Shareholders have the opportunity at the JKH AGMs, to put forward questions to the board and to the Chairman-CEO of JKH and the chairmen of the various committees, in order to have better familiarity with the Group's business and operational workings. The contents of the Annual Report will enable existing and prospective stakeholders to make better informed decisions in their dealings with the company.

Dialogue with shareholders

The company has a well-developed investor relations programme to address the information needs of investment institutions and analysts regarding the company, its strategy, performance and competitive position. Given the wide geographic distribution of the company's current and potential shareholders, this programme includes regular roadshows to Asia Pacific, Europe and the USA conducted by the Deputy Chairman and the Head of Investor Relations. Matters discussed, and issues raised, at these meetings are brought to the attention of the GEC and/or the board, as appropriate, and addressed.

The company, through its Investor Relations division, maintains an active dialogue with shareholders, potential investors, investment banks, stockbrokers and other interested parties. Any concerns raised by a shareholder are addressed promptly at the department level and are forwarded, when necessary, to the GEC for consideration and advice. Analysts reports are circulated among the GEC, as and when available, and its contents debated.

The SID is available to meet and or discuss with shareholders regarding any concerns/conflicts that arise during the course of the financial year. In the current year, there were instances where the SID had such correspondence with shareholders.

OPEN COMMUNICATION WITH EMPLOYEES

Employee involvement and empowerment

Top management, and other senior staff, are mandated to involve, as appropriate, all levels of staff in formulating goals, strategies and plans. Decision rights are defined for each level in order to inculcate a sense of ownership, reduce bureaucracy and speed-up the decision-making. Annual and five year plans are formulated on a bottom-up basis using futuristic scenarios developed by the GEC and GMCs and macro economic factors developed by the corporate centre.

EMPLOYEE COMMUNICATION

Whilst great strides have been taken in improving both the formal and informal communication within the Group, it is yet to take the form, and be in the extent, that is desired. The importance of communication, top-down, bottom-up and lateral in gaining employee commitment to organisational goals has been conveyed, extensively, and intensively, through various communiqués issued by the Chairman-CEO and other senior managers. The tone from the top in this respect has been, and is, unrelenting.

At JKH, employee relations are designed to enable, and facilitate, high accessibility by all employees to every level of management. Informal and formal dialogue on matters relating to work, as well as of general interest, are encouraged. The several channels of communication which have been established for varying purposes include the following:

INTERACTION WITH SENIOR MANAGEMENT

- Practice of an 'open door' policy by management
- Feedback in the form of 360 degree evaluations for employees at assistant vice presidents and above
- Continuous feedback on the company and its management from different perspectives by holding regular skip level meetings at assistant manager and above levels

INNOVATIVE IDEAS

- Availability of an online forum to forward new suggestions for business opportunities
- Facilitation of a knowledge sharing blog and the existence of a "bright idea" channel

GRIEVANCE PROCESS

- Availability of a direct email address to the Chairman for employees to bring to his notice any transgression of group values when other established avenues have not yielded results
- Availability of an "independent" ombudsperson for employees to meet if they fail to obtain satisfactory results via established channels in matters relating to Group values and sexual harassment
- Practice of exit interviews for all employees at executive level and above where all such reports are forwarded to the respective Presidents and Executive Vice Presidents for comment. Comments are also discussed by the Group Executive Committee

SKIP LEVEL MEETINGS

Skip-level meetings were, once again, conducted throughout the group companies in 2010/11 for Assistant Manager and above levels. Whilst this enabled employees to interact, and discuss, with superiors who are at a level higher than their own immediate

supervisor, the sincerity and the openness, of the process resulted in the subject employees participating in the meetings with more enthusiasm and purpose. This enabled to have a first-hand feedback on the aspirations of all levels of employees. The feed-back so obtained will be used in structuring new employee processes and/or revising existing employee processes.

The JKH board believes in maintaining open-door policies for its employees and key stakeholders and this is promoted at all levels of the Group.

WHISTLEBLOWER POLICY

The employees can report to the Chairman through a communication link named 'Chairman Direct', concerns about unethical behaviour and any violation of Group values. Employees reporting such incidents are guaranteed complete confidentiality and such complaints are investigated and addressed via a select committee under the direction of the Chairman.

OMBUDSPERSON

The Ombudsperson is to entertain complaints, from an employee or a group of employees, of alleged violations of the published Code of Conduct, when that employee or Group of employees feel that an alleged violation has not been addressed satisfactorily using the available/existing procedures and processes.

TOPICS OF ECONOMIC, ENVIRONMENTAL, AND SOCIAL PERFORMANCE DISCUSSED WITH STAKEHOLDERS DURING REPORTING PERIOD

Economic

Dialogue encouraged through all stakeholder involvement has frequently resulted in discussion of issues pertaining to economic

value. Public relations and awareness have resulted in external parties inquiring on the possibilities of having strategic business partnerships in Sri Lanka. Positioning created for directors and the organisation have resulted in directors being invited to join associations and think-tanks and be speakers at various forums and seminars.

Environmental

Our constant dialogues with stakeholders and investors have resulted in the emergence of the "Going Green" concept within the organisation. This has resulted in the establishment of a task force under the sustainability reporting where goals and targets have been set for the following initiatives.

- Energy consumption
- Carbon foot print

Social

Awareness created under stakeholder model adopted approximately five years ago, has established that success of the organisation lies in how well it intertwines with society. This has led to JKH going from a philanthropy based organisation to one of partnership. The corporate social responsibility work done through the John Keells Foundation have the support and the maximum participation of the employee volunteers.

MEMBERSHIPS MAINTAINED BY THE INDUSTRY GROUPS IN 2010/2011

Transportation	Bombay Chamber of Commerce
	Freight Forwarders Association of India (FFFAI)
	International Air Transportation Association Sri Lanka
	Employers' Federation of Ceylon (EFC)
	Sri Lanka Freight Forwarders Association (SLAFFA)
	International Air Transport Association (IATA) Agents Association
	Logistics and Transportation Faculty Industry Committee of the University of Moratuwa.
	Sri Lanka Ship Suppliers Association
	Association of Lanka Bunker Suppliers
	International Bunker Industry Association (IBIA)
	AMCHAM affiliate membership
	APG Membership
	SLACA
	Sri Lanka Association of Airline Representative
	European Chamber of Commerce
	American Chamber of Commerce
	Civil Aviation Authority
	Accredited Agent of International Air Transport Association
	Travel Agents Association of Sri Lanka
	Sri Lanka Tourism Board
	Italian Business Council
	Sri Lanka France Business Council

MEMBERSHIPS MAINTAINED BY THE INDUSTRY GROUPS IN 2010/2011

IT	Sri Lanka Association of Software and Service Companies (SLASSCOM)
	Member of Leading Edge Alliance
	Employers' Federation of Ceylon (EFC)
	Member of Oracle Partner Network
	Member of leading edge alliance
	Gold partnership of Microsoft
	Strategic partnership of IATA
	Member of IBM partner world
	Ministerial Advisory Committee on IT/BPO exports convened by the EDB
Consumer Food & Retail	Consumer Goods Forum
	Ceylon Chamber of Commerce
	Ceylon National Chamber of industries
	Employers' Federation of Ceylon (EFC)
Leisure	American Chamber
	SKAL International Colombo (International Association of Travel & Tourism Professionals)
	European Chamber of Commerce of Sri Lanka (ECCSL)
	Dutch Burger Union
	Sri Lanka Malaysia Business Council
	Indo Lanka
	Sri Lanka China Business Council
	Sri Lanka New Zealand Business Council
	Tourist Hotels Association
	Sri Lanka German Business Council
	PATA
	Sri Lanka Japan Business Council
	Sri Lanka Benelux Business Council
	Business with Britain
	IATO
	SLAITO
	Bentota / Beruwela Hoteliers Association (BBHA)
	THASL
	Employers' Federation of Ceylon (EFC)
	Ceylon Chamber of Commerce
	Wild Life Focus Group of the Sri Lanka Tourism Promotions Bureau
	Sri Lanka- Benelux Business Council
	Sri Lanka-China Business Council
	Friends of Sri Lanka Association, UK
	Sri Lanka/ German Business Council
	Responsible Tourism
	Director Convention Bureau
	SLITHM
	European Business Council
	SLTPB
	Kandy Hoteliers Association
	Maldives Association of Tourism Industry
	Member of Field Ornithology Group of Sri Lanka – Nature Odyssey
	Member of Cultural Triangle Hoteliers Association
	Natural Disaster Management of Palugaswewa Division
	Tourism Development Committee of Hambantota District under Hambantota District Chamber of Commerce

Property	Ceylon Chamber of Commerce
	Chamber of Construction Industry of Sri Lanka
	Employers' Federation of Ceylon
Financial Services	Colombo Stock Brokers Association
	Insurance Association of Sri Lanka
	American Chamber of Commerce in Sri Lanka
Other	Participant of the United Nations Global Compact INDUS (SAP user group for the Indian subcontinent)
	Federation of Information Technology Industry Sri Lanka (FITIS) – Sri Lanka Association for the Software Industry (SLASI) Chapter
	AMCHAM IT Steering Committee
	SLASSCOM CIO Forum
	Member (and Chairman for 10/11) of the Lanka Business Coalition on HIV & AIDS
	EFC Employers Network on Disability
	Sri Lanka Tea Board
	Ceylon Chamber of Commerce
	National Chamber of Commerce
	Colombo Tea Traders Association (CTTA)
	Colombo Rubber Traders Association (CRTA)
	Planters Association of Ceylon
	Employees Federation of Ceylon
	International Tea Committee
	Harvard Management Communications Ltd
	Harvard Business Review
	European Chamber of Commerce
	Sri Lanka Tea Factory Owners Association
	Tea Research Board of Sri Lanka



ABOUT THE REPORT

“The John Keells Holdings Sustainability report provides an account of our performance on the most critical issues determined on the basis of materiality. Stakeholders who would use this report include our investors, employees, customers, government, legal and regulatory bodies, and society at large.”

REPORT PROFILE

The John Keells Holdings Sustainability report provides information on the Group's sustainability performance for the period beginning 1st April 2010 and ending 31 March 2011. Our most recent Sustainability Report was published on 31st May 2010, incidentally becoming Sri Lanka's first to achieve a “GRI check” by the Global Reporting Initiative Organisation. This year's report is the third annual stand alone report on the sustainable performance of the John Keells Group. As in previous years, we have engaged Det Norske Veritas AS (DNV) for verification and assurance of this report. Their assurance statement is available on pages 128 to 129 of this report.

Contact point for questions regarding the report:

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REPORT SCOPE AND BOUNDARY

This year's report is at the GRI Application level “B”, the same level of application as maintained last year. For reporting purposes we have selected 22 GRI performance indicators on the basis of materiality. These indicators cover our Economic, Environmental and Social performance during the year under review. A systematic stakeholder engagement process enabled us to select our most significant stakeholder groups and prioritise the issues of most concern to these groups. We have determined the relative materiality of these issues of concern by utilising a definition of materiality that balances stakeholder interests and other external factors, with organisational strategies and objectives. The process of determining materiality

is fully described in the section of this report titled “Stakeholder Engagement”.

The John Keells Holdings Sustainability report provides an account of our performance on the most critical issues determined on the basis of materiality. Stakeholders who would use this report include our investors, employees, customers, government, legal and regulatory bodies, and society at large.

The boundary of this report extends to 76 companies that come under the sphere of influence of the John Keells Group. They are chosen on the basis that they are legal entities for which the group remains accountable for, and over which the group exercises direct control. With last year's report covering 73 companies, a year on year comparison of performance is possible subject to the explanations provided in respect of the mergers, divestments and acquisitions that have occurred during the year.

The data measurement techniques and the bases of calculations including assumptions and techniques underlying estimations applied in the compilation of the indicators and other information in the report are in accordance with standard industry practices, established rules and the indicator protocols provided under the GRI(G3) Sustainability Reporting Guidelines. Where applicable, justification for any deviations in any particular case is clearly stated in the report.

In terms of restatements, in comparison to the previous year 2009/2010, previous year's and phrases have been re-arranged, wherever necessary, to conform to the current year's presentation; namely in the Economic value statement for 2009/2010 carried as Annex 1 on pages 86 and 87 for the John Keells Holdings PLC Sustainability Report 2009/2010.

PRECAUTIONARY PRINCIPLE ADDRESSED

We are influenced by the precautionary principle in our decision making with regard to mitigating the effects of pollution, environmental degradation and global warming. The precautionary approach is acknowledged in the success of our initiatives to reduce our energy consumption and emissions. We strive to incorporate the precautionary principle through our risk management processes and internal control systems.

Triple Bottom Line principles and initiatives endorsed by the Group

The Group sustainability policy endorses the triple bottom line principles, which are incorporated in our practices and performance as a sustainable organisation. We are also a participant in the UNGC Initiative and support Sri Lanka's efforts to achieve of the Millennium Development Goals. Several of our employee policies and practices are modelled on the standards of the International Labour Organisation and our group advertising policy follows the principles laid down by the ICC Code of Advertising and Marketing Communication Practice. A number of companies in our leisure sector have obtained ISO 14001, OHSAS 18001 and ISO 22000 certification, while several other companies in the Group are ISO certified in their respective categories. We also follow the GRI framework to report on our sustainability performance.

From a corporate governance perspective, we ensure that we meet our regulatory requirements and are compliant with external rules and codes that include the listing rules of the Colombo Stock Exchange, the recommendations of the Combined Code (to the extent practicable in the context of our diverse businesses and business unit risk profiles) and all provisions of the Code of Governance of the Institute of Chartered Accountants of Sri Lanka.

STAKEHOLDER ENGAGEMENT AT THE JOHN KEELLS GROUP

Conducting operations in seven industry sectors in different geographical markets necessitates developing and sustaining relationships with diverse stakeholder groups both internal and external to the organisation. Our engagement with stakeholders encompasses a range of activities and interactions that include communication, consultations and information disclosures. Through stakeholder engagement, we are able to identify our most significant stakeholder groups and their specific interests, and determine the issues that are most material to our group from an economic, environmental and social sustainability perspective. By integrating the outcomes of stakeholder engagement with the group's well established risk management processes we are able to assess and address potential risks and align the management of sustainable issues with our business processes and strategies.

Our formal and informal mechanisms of interaction with stakeholders provide opportunity to forge relationships, build mutual trust and understanding, and provide accountability to people and institutions that are affected by or impact our operations. Our most common methods of stakeholder engagement include formal and informal consultations, participation, negotiations, communication, mandatory and voluntary disclosures, certification, and accreditation.

Stakeholders are persons or groups that have an interest in the organisation, the ability to influence its outcomes or be substantially impacted by the operations of the organisation. They may also have a substantial impact on the organisation. Our stakeholders are customers, employees, surrounding communities, investors, government, legal and regulatory bodies, business partners or

principals, society, pressure groups and media, and industry peers or competitors.

Customers

Engaging with customers is an opportunity to broaden our understanding of our customers' needs and expectations. By evaluating ourselves from a customer perspective, we are able to continually improve our goods and services, and meet if not exceed our customers' expectations.

Employees

Each employee of the John Keells Group contributes uniquely towards the achievement of the group's strategic objectives. Our engagement with our employees has helped maintain a work environment characterised by high performance standards, professional development opportunities and rewards, and an organisational culture shaped by respect, honesty and fairness.

Community around us

Doing the right thing always and building strong relationships based on openness and trust are corporate values that are embedded in our business strategies. Our responsibility towards the people and communities that exist side by side with our businesses extends beyond strict compliance with the laws and regulations that govern operations. By monitoring and managing our impacts on surrounding communities, we are able to mitigate the negative effects of our operations while maximising positive impacts. The John Keells Foundation, our corporate social responsibility arm further strengthens our community commitment by managing and implementing our social and philanthropic programmes to the benefit of surrounding communities.

Investors

Our investors' expectations extend beyond an adequate return on investment. Investors expect sustainable growth, transparency, accountability and the highest standards of corporate governance. Through statutory reporting, periodic disclosures, and regular contact with investors we provide timely and accurate information that assists investors in their decision making.

Government

As the country's leading conglomerate with operations in seven industry sectors, we are conscious of our leadership role in reviving the economy in Sri Lanka's post war era. As a corporate partner committed towards the economic development of our country, communication and engagement with the Government is viewed as an opportunity to comment on government policies and deepen our own understanding of the economic and development strategies of the government. Our participation in policy consultations with the government helps shape economic policies that are beneficial to private sector development.

Legal and Regulatory bodies

While ensuring compliance with laws and regulations, we also actively engage with legal and regulatory bodies to improve understanding of complex regulations and minimise the risk of non-compliance and potential litigation.

Business partners / Principals

Building strong relationships based on fairness and mutual trust with our business partners and principals is crucial to our success. By engaging with our partners and principals, we are not only able

to guarantee continuous and stable sources of supply but also communicate our ethical and legal requirements and expectations with regard to sustainable policies and practices throughout the supply chain.

Society/Pressure Groups/Media

Engaging with societal groups, civil society organisations, opinion leaders and the media helps us understand a wide range of societal interests and concerns that arise as a result of our operations. Our engagement with these groups is particularly useful in building relationships with the less visible sections of society that may still

be impacted by our businesses. The information gleaned from our interactions with these groups, helps us to assess and manage our impacts in a responsible and transparent manner.

Industry peers/Competitors

By interacting with industry peers and competitors at various forums and through chambers of commerce, we are able to better understand, evaluate and respond to opportunities and challenges that arise in a constantly changing and competitive environment.

Stakeholder	Stakeholder sub-category	Current Level of Engagement and Frequency
Customers	Individual and Corporate (B2B)	<p>Current level of engagement: Personal meetings, discussion forums, surveys, field visits, conference calls, progress reviews, information dissemination through printed reports, telephone, SMS and corporate websites, workshops, business development activities, road shows and trade fairs.</p> <p>Frequency of engagement:</p> <ul style="list-style-type: none"> • Quarterly through Customer Satisfaction Surveys, • On-going basis through information dissemination through printed reports, telephone, SMS and corporate website • Bi-Annually through personal meetings • Annually through road shows and trade fairs
Employees	Executives, Non-Executives, Directors	<p>Current level of engagement: Direct reporting, intranet communication, employee satisfaction surveys, collective bargaining, open door policy at all management levels, annual events, professional training and development activities, team building activities.</p> <p>Frequency of engagement:</p> <ul style="list-style-type: none"> • Intranet communications through JK Connect & My Portal on a daily basis • Employee Satisfaction survey such as GPTW (Great Places to Work) conducted annually • Professional training, development activities and team building through internal as well as external sources conducted quarterly
Community around us	Neighbours, Local Communities, Community Leaders	<p>Current level of engagement: Corporate Social Responsibility programmes and activities, community educational and information dissemination programmes, one-to-one meetings, workshops, forums.</p> <p>Frequency of engagement: Engagement with the community is carried out prior to entry into the community area. After which engagement is carried out on a monthly basis while operating. Community engagement is also carried out on exit.</p>
Investors	Shareholders, Institutional Investors, Fund Managers and Analysts, Lending Institutions, Multilateral Finance Agencies	<p>Current level of engagement: Periodic disclosures through annual reviews and quarterly reports, one-to-one meetings, investor road shows, phone calls and corporate websites.</p> <p>Frequency of engagement: Engagement with the investors is carried out as follows,</p> <ul style="list-style-type: none"> • Periodic disclosures are carried out annually, • Quarterly reports are carried out on a quarterly basis, • Investor road shows are carried out prior to every undertaken IPO launch • On-going through phone calls and websites
Government	Government of Sri Lanka, Government Departments and Institutions	<p>Current level of engagement: Meetings, discussions, phone calls, newsletters and circulars, presentations and briefings, advisory meetings, membership on national committees, lobbying activities via chambers of commerce.</p> <p>Frequency of engagement: Engagement with the Government is carried out on an on-going basis through newsletters and circulars. The Senior Management are members of Bodies such as the Chamber of Commerce who meet on a monthly basis.</p>



Stakeholder	Stakeholder sub-category	Current Level of Engagement and Frequency
Legal & Regulatory Bodies	Local Authorities, Municipal Councils, Bribery Commission, Consumer Affairs Authority, Inland Revenue, Customs Department, Securities and Exchange Commission, Colombo Stock Exchange, Tourist Board	<p>Current level of engagement: Regular meetings, periodic disclosures, correspondence, representation through chambers of commerce and trade associations.</p> <p>Frequency of engagement: Engagement with the Legal & Regulatory Bodies is carried out on an on-going basis as the Senior Management are members of Regulatory Bodies such as the Tourist Board and Colombo Stock Exchange who meet on a monthly basis.</p>
Business Partners / Principals	Business Partners, Joint Venture Partners, Principals	<p>Current level of engagement: Regular meetings, distributor conferences, correspondence, monthly market reports, conference calls and e-mails, circulars, membership in industry associations.</p> <p>Frequency of engagement: Engagement with the Business Partners / Principals is carried on,</p> <ul style="list-style-type: none"> • Monthly basis through monthly market reports, • Annually through distributor conferences, • On-going through conference calls, e-mails and circulars
Society / Pressure Groups / Media	Opinion Leaders, Media, Environmental Groups, NGOs, Voluntary Organisations	<p>Current level of engagement: Correspondence, website, press releases, media briefings, discussions, participation at NGO forums, media coverage, certification and accreditation.</p> <p>Frequency of engagement: Engagement with the Society / Pressure Groups / Media is carried out on an on-going basis through website, press releases and media briefings.</p>
Industry Peers / Competitors	Members of Chambers of Commerce and Trade Associations, Competitors	<p>Current level of engagement: Communication through membership of chambers of commerce and trade associations, conferences, discussion forums.</p> <p>Frequency of engagement: Engagement with the Industry Peers /Competitors is carried out on a monthly basis as the Senior Management who are members of the Chamber of Commerce attends the monthly meetings.</p>

STAKEHOLDER ENGAGEMENT PROCESS

The process of identifying and selecting the stakeholders of each of our business units has required a two pronged approach. We have utilised both internal and external processes including third party validation mechanisms to prioritise stakeholder groups and determine stakeholder interests and concerns. Through stakeholder

engagement and analysis, we have been able to determine our most significant stakeholders, understand our economic, environmental and social impacts and stakeholder influences on our organisation, and develop responses to issues that are material to our businesses from a sustainability perspective.

In 2009, we undertook an internal stakeholder analysis. We required all operational business units to identify their key stakeholders by prioritising the issues relevant to each stakeholder group on the basis of materiality. Following the guidelines articulated in the AA 1000 Stakeholder Engagement Standard, we determined the materiality of issues on the basis of impact on short term financial performance and legal compliance, links to corporate policies and commitments, stakeholder concerns, and relevance to best practices and norms established by peers and society. For prioritisation purposes, the issues identified through this process were ranked according to impact and probability of occurrence. The exercise enabled business units to determine material issues critical to their businesses and analyse these issues from a triple bottom line perspective. The process also required business units to document their current level of engagement with key stakeholders, establish risk control or mitigation strategies and plan for future engagement.

We also engaged independent consultants to determine and prioritise stakeholder groups for each business unit through an

extensive consultation process. The independent consultants also conducted an external stakeholder analysis to identify and prioritise the issues and concerns articulated by stakeholders on the basis of materiality.

The outcomes of both these processes were aligned to sustainability by linking the most material issues and stakeholder groups to the sustainability performance indicators established under the Global Reporting Initiative framework. A mechanism was also established to monitor, manage and mitigate these issues or risks on a periodic basis by incorporating these issues into the risk grids of the relevant business units. Utilising the risk management process to manage material issues also meant that issues not linked to sustainability performance indicators would continue to be managed within the scope of a business unit's risk grid.

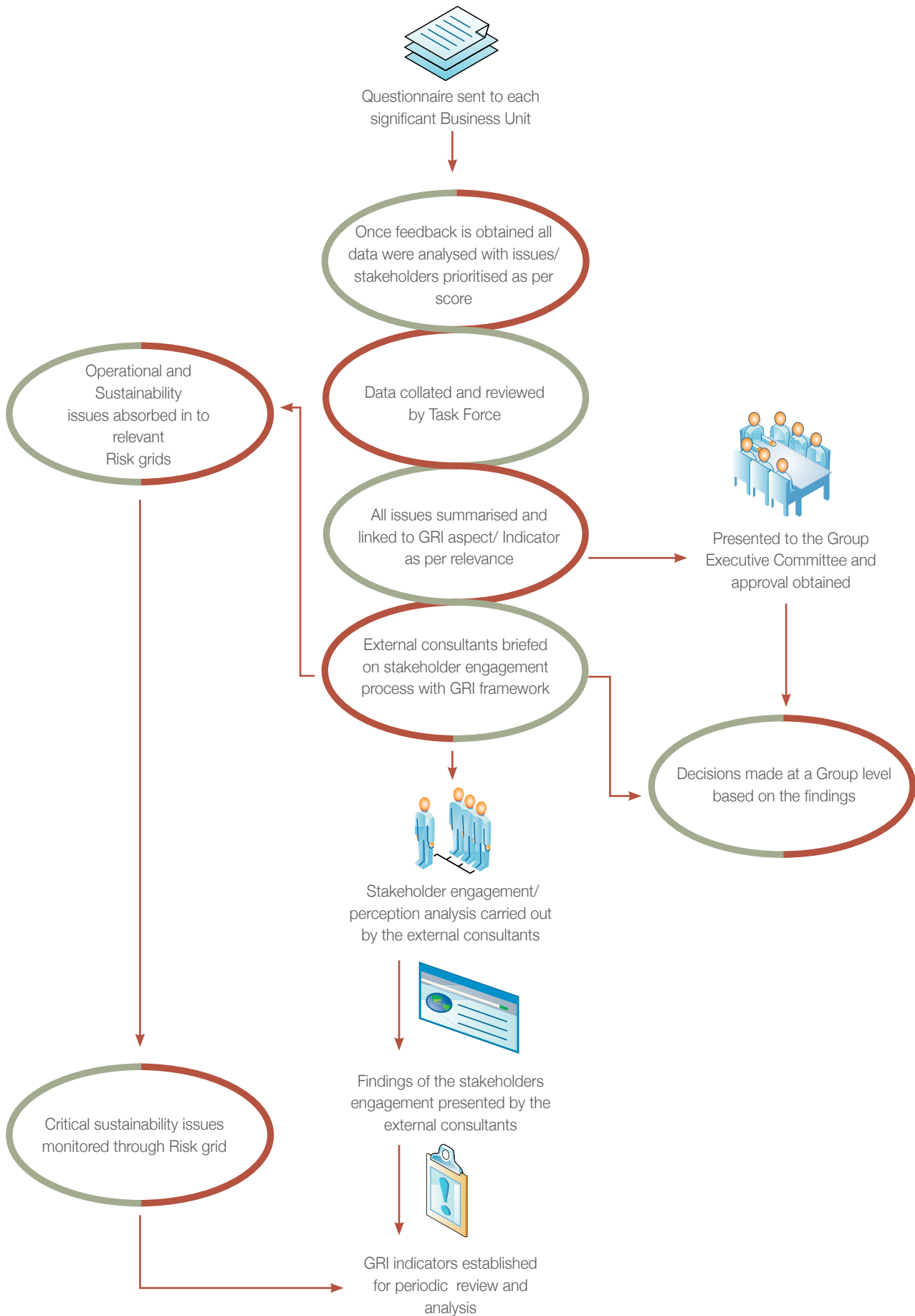


While continuing to engage with our stakeholders on a regular basis using normal channels of engagement, the emphasis this year has been on the management and review of material issues and risks identified through internal analysis and external stakeholder engagement processes. Through our risk management processes we have been able to monitor material issues and focus on the implementation and effectiveness of risk mitigation strategies. As

noted elsewhere in the report, the risk management process is documented throughout.

The flow chart on the facing page depicts the process of stakeholder engagement that the John Keells Group used last year to identify and select stakeholders and determine issues that are material to the Group.

STAKEHOLDER ENGAGEMENT PROCESS



EMPLOYEE STAKEHOLDER ENGAGEMENT

We consider receiving constant feedback from our employees a vital process in realising our people vision, *"More than just a work place"*. In January this year we conducted a groupwide employee survey, with the exception of Union Assurance PLC, for executive and above staff of the entire Group and for non executive employees in certain businesses where the head count is high in January 2010. The response rate received was at a remarkable 90% and this in itself gave credence to the effectiveness of employee engagement strategies used in the group.

"The Great Place to Work – Trust Index" as the tool was used keeping in mind the global benchmarks it provided and the fact that the same survey tool was used in the Group in 2003 and 2005. This intervention involved a survey based on a question and answer methodology and focus group discussions, which were conducted by the survey provider, Great place to work Institute – India.

The GPTW model measures strengths and development areas of an organisation based on five dimensions: Credibility, Respect, Fairness, Pride and Camaraderie. The survey, which was independently administered, resulted in 90 per cent of our employees participating in the survey, a remarkable achievement, which augurs well for the company in that our people consider themselves as partners with one another in making John Keells more than just a work place.

The survey identified Pride for the organisation and management competence and integrity as key strengths and identified as key development areas, equity in compensation, recognition and equal treatment. Post survey several focus group meetings have been held with employees at different levels and in different businesses to understand the reasons for these findings and those findings will now form the basis for action planning to build on the sense of pride and provide opportunities for recognition, bring fairness/equity aspects into focus. The results and findings have been shared with our employees and action planning is currently underway.

The GPTW survey was also undertaken in several businesses where there is a high non executive population such as John Keells Office Automation, Ceylon Cold Stores sales staff, Hotels (Sri Lankan Resorts and City Hotels), DHL and Jaykay Marketing Services (Pvt.) Limited. The key themes that emerged were that the employees take pride in John Keells and their jobs, team work and training they receive whilst improvement is necessary in equity and fair pay and non-restrictive work environment amongst others. Whilst it is noted that the processes that touch the non executive staff, unlike the executive staff, differ from business to business, action planning in these areas will occur at the business level.

Based on the results, currently action planning is underway to build on the strengths and take appropriate steps to address concerns and these plans will be implemented during the year 2011/2012.

KEY TOPICS AND CONCERNS RAISED THROUGH STAKEHOLDER ENGAGEMENT

For the current year, the number of sustainability performance indicators selected on the basis of materiality through stakeholder engagement and internal and external analysis stands at 22 indicators. The indicators reported this year are effectively the same as reported in the previous year. Our regular interactions with stakeholders throughout the year and our internal risk reviews and analyses have not yielded any information, which would require

significant changes to the material issues that were identified and linked to GRI (G3) performance indicators during the previous reporting year. The indicators selected for the current year on the basis of materiality are summarised in the table on the facing page.

GRI INDICATORS REPORTED FOR 2010/11

GRI Performance Indicator	Description
Economic performance indicators	
EC 1	Economic value generated and distributed
EC 3	Coverage of the organisation's defined benefit plan obligations
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.
Environmental performance indicators	
EN 3	Direct energy consumption by primary energy source
EN 4	Indirect energy consumption by primary source
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas
EN 16	Total direct and indirect greenhouse gas emissions by weight
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations
Labour practices and decent work performance indicators	
LA 1	Breakdown of total workforce by employment type, contract and region
LA 2	Total number and rate of employee turnover by age group, gender and region
LA 4	Percentage of employees covered by collective bargaining agreements
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work related fatalities
LA 8	Education, training, counselling, prevention and risk control programs in place to assist workforce members, their families or community members regarding serious diseases
LA 10	Average hours of training per year per employee by employee category
LA 12	Percentage of employees receiving regular performance and career development reviews
Human rights performance indicators	
HR 6	Operations identified as having significant risk for incidents of child labour, and measures taken to eliminate child labour
HR 7	Incidents of forced or compulsory labour
Society performance indicators	
SO 1	Nature, scope and effectiveness of programmes and practices that assess and manage the impacts of operations on communities including entering, operating and exiting.
SO 2	Percentage and total number of business units analysed for risk related to corruption
Product Responsibility performance indicators	
PR 3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements
PR 6	Programmes for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services

Performance indicators EN 17, EN 21 and EN 22, which were identified as material in the course of stakeholder engagement exercises and analyses conducted in 2009 are not included within the scope of this report. Performance with regard to these indicators

may be included in future reporting cycles once the necessary management, data collection and reporting systems are in place to enable the organisation to meet reporting requirements.

Triple bottom line	Challenges	Opportunities	Risks
Economic	<ul style="list-style-type: none"> Increasing cost push inflationary pressures on the economy / Group businesses. Institutional investors and large investment funds are evaluating their investments through a sustainability lens, driving key lending decisions. Regulatory framework does not compliment the expected pace envisaged for business growth. Intense competition arising out of globalisation and increasing FDIs into Sri Lanka. Lack of Infrastructural developments to support thrust business sectors. 	<ul style="list-style-type: none"> Exploring other sustainable sources and leaner production methods to maintain production/service costs. Improved business climate after the end of the war. To be a player in the infrastructural development projects. Improved FDIs into the country will drive large scale infrastructure development and provide a platform for improved business activities. 	<ul style="list-style-type: none"> Cost pressures may result in businesses being unable to manage the set targets with regard to the sustainability initiatives
Environment	<ul style="list-style-type: none"> Managing the objectives of maximising business returns whilst conforming to growing pressures prompting the adoption of sustainability-driven management practices. Increasing legislation and public policy on businesses regarding sustainable use of resources, emissions and waste reduction. Increasing customer demands for green products are also proving a powerful force in shaping our business landscape. Managing the increasing demand on existing resources with the improving business climate. Managing and ensuring that the links in the Groups supply chain conform to laid down sustainability practices. 	<ul style="list-style-type: none"> Greater access to more mature markets in the region. Improving and consolidating brand equity. Explore opportunities to improve all product and service related processes with a view to embracing cleaner and efficient production and service delivery methodology. Improving the energy cost base and consumption by eliciting employee behavioural change and adopting greener technologies. Leveraging on the accreditation bodies such as LEEDS, Green Globe to enhance the Group competitiveness in the global business landscape. 	<ul style="list-style-type: none"> Increased risk of environmental degradation due the increased consumption of energy and greater waste emissions. Lack of waste recycling infrastructure resulting in greater environmental pollution.
Social	<ul style="list-style-type: none"> Employee retention with growing economy resulting in more employment opportunities. Improved business climate would increase the opportunities for possible corruption 	<ul style="list-style-type: none"> Impacting the community through the development of rural communities to participate in sustainable sourcing projects and thereby improving their livelihoods. Improving employment opportunities for the rural communities, such as computer literacy of rural youth, through the setting up of BPO operations in those areas. Improving employment opportunities through structured training Participating in community building projects through the John Keells Foundation, thereby providing opportunities of sustainable livelihood development 	<ul style="list-style-type: none"> The improved business climate would have a negative impact on the community; especially in social and cultural aspects, hence increasing the societal risk.

SUSTAINABILITY INTEGRATION

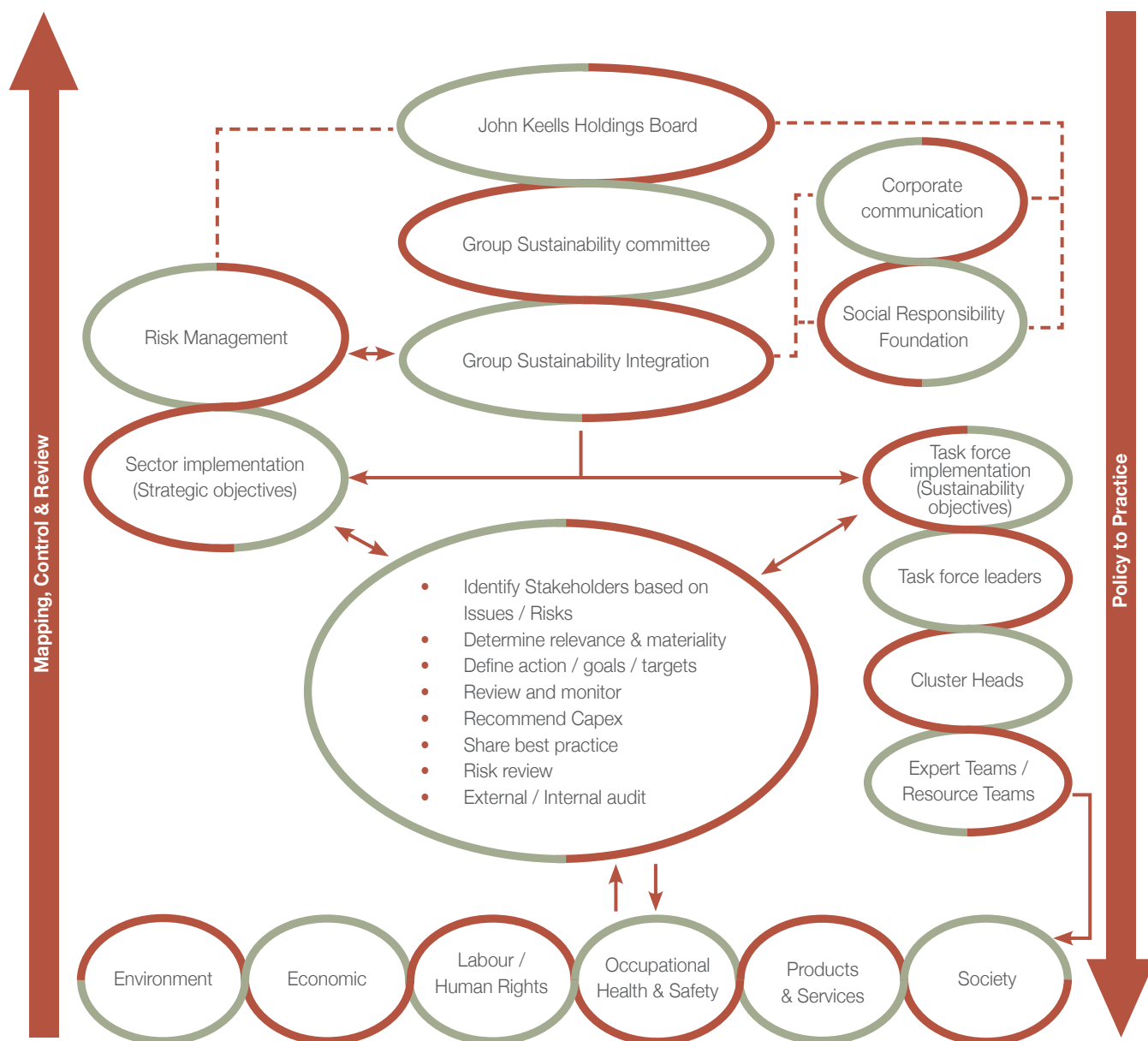
The organisational structure

Moving towards sustainability integration through the value chain requires ownership, responsibility and commitment from every business in the John Keells Group. Under the overall guidance and direction of the Group's Sustainability Committee, sustainability issues are managed by specialised Task Forces with representation from each industry sector. These small but dedicated groups identify the sustainability issues faced by the John Keells Group, articulate responses through appropriate strategies and policies, and drive implementation in regard to the six sustainability initiatives down to every business unit within the Group's seven industry sectors. The Task Forces are primarily charged with integrating the group's sustainability initiatives across each industry sector and business unit. They have responsibility for selecting the sustainability performance indicators on the basis of materiality under the Global Reporting Initiative framework and for designing, improving and implementing processes for sustainability data collection and disclosure. The

sector representatives within each Task Force represent the relevant business units belonging to the seven industry sectors of the group. They coordinate the setting of sustainability goals and key performance indicators (KPIs) under each sustainability initiative at the business unit level and act as conduits for communication between the Task Forces and the managers of business units. Sector representatives on each Task Force are responsible for planning, implementing and monitoring the action plans and processes required to achieve sustainability goals and KPIs. Sector representatives are also charged with the continuous review and management of sustainability related risks identified through the risk management process.

The Group sustainability integration unit provides continuous guidance and assistance to the Task Forces and monitors progress with regard to the integration activities described above. The unit is also responsible for aligning sustainability reporting and auditing requirements within the integration process.

Integrating Sustainability within the Group's Value Chain

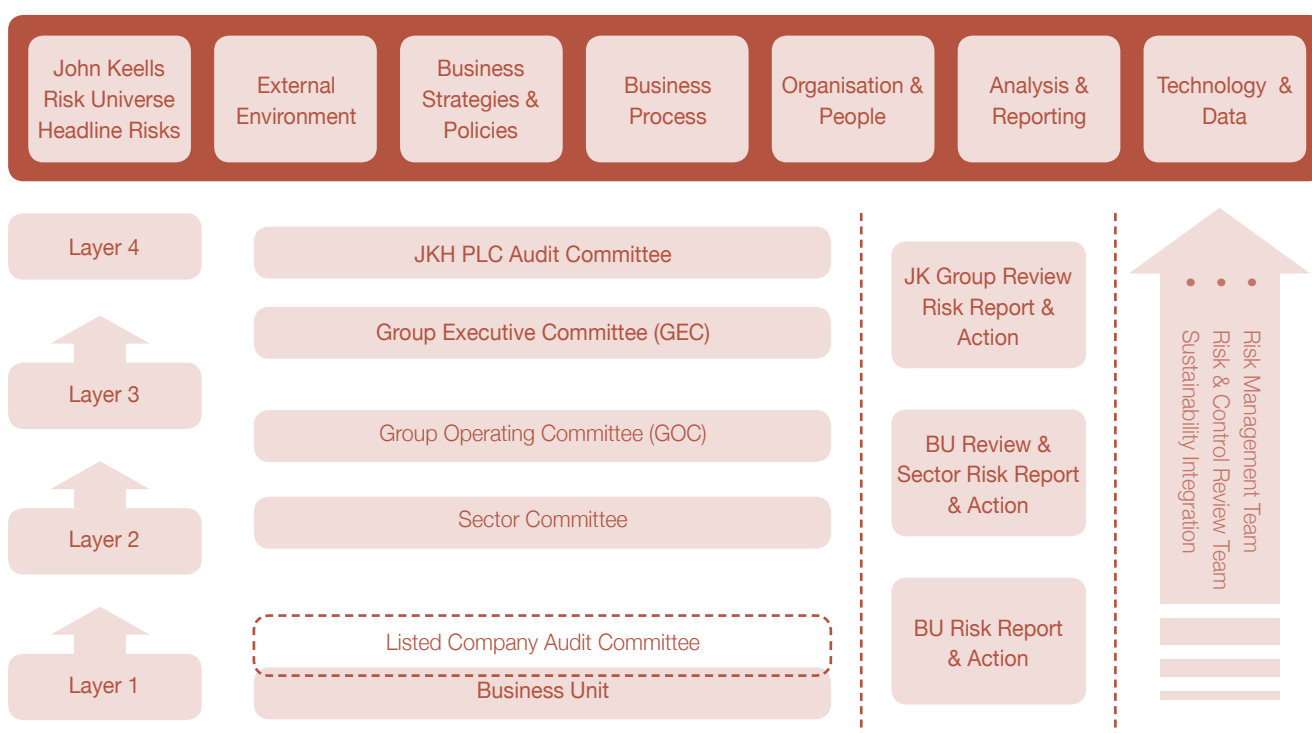


RISK MANAGEMENT

Risk management is integral to shaping strategies that ensure the group's sustainable growth and success. The risk management programme at John Keells ensures that the risks arising from the group's diverse operations are identified and effectively managed with a view to ultimately protecting and enhancing stakeholder value. Significant operational, strategic and financial risks, which could potentially undermine the achievement of the Group's objectives, are identified, analysed, assessed and monitored with mitigation actions established and risk owners appointed as a part of a comprehensive, well structured and integrated enterprise-wide risk management programme.

Business units within the Group identify risk events, which could impact the achievement of strategic objectives using a universal risk register unique to the John Keells Group. Risks are measured according to a formula that requires each risk event to be assessed

in terms of its potential severity and likelihood of occurrence. The management of risks is a continuous process requiring control measures and plans to be in place to either eliminate or minimise exposure to identified risks. Accountability is established through the nomination of risk owners, who assume responsibility for managing and monitoring control measures and plans. Control measures include risk mitigation, transfer, avoidance or acceptance strategies, which are based on the risk appetite of the business unit. The risk matrices of all business units are reviewed quarterly and the process is documented throughout. The Group Executive Committee reviews a business unit's most significant risks on a biannual basis while audit committees appointed by holding and listed companies review the effectiveness of the risk management programmes of such companies on a regular basis. The risk management process and information flow is depicted below.



SUSTAINABLE RISK MANAGEMENT

Sustainable risk management has now become a part of the DNA of all business units in the Group. It had enabled the group to identify and manage risks, harness opportunities, adapt to the changing environment and implement long and short term strategies which links with the overall Group objective.

Through integration of the internal risk management process with the group wide stakeholder engagement process, risk management now forms a fundamental aspect of Sustainability. Risk issues identified during Stakeholder engagement process are considered





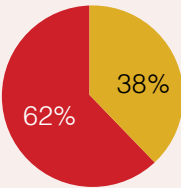


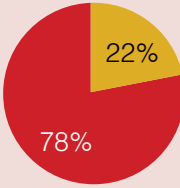

and addressed through the selection of a relevant indicator found in the Global Reporting Initiative (GRI) framework. Some of the issues which are not directly addressed by the indicators are monitored through the relevant risk matrices. This year all operational business units have established goals and targets with regard to key issues relating to their economic, environmental and social performance. The process of setting goals and targets has also helped establish the underlying implementation strategies, time lines and data collection as well as monitoring mechanisms to report on progress.

SUSTAINABILITY PERFORMANCE - 3 YEAR SUMMARY

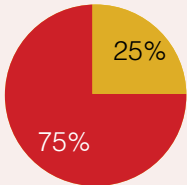
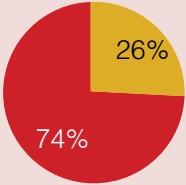

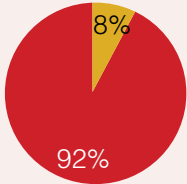
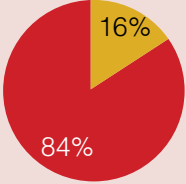



GRI Indicator		2008-(2009)	2009-(2010)	2010-(2011)	
Economic performance indicators					
EC1	Economic value generated (Rs. in million)	48,220 (100%)	55,602 (100%)	69,787 (100%)	
	Economic value distributed (Rs. 'millions)	43,376 (89.95%)	49,966 (89.86%)	61,101 (87.55%)	
	Economic value retained (Rs. 'million)	4,844 (10.04%)	5,635 (10.13%)	8,686 (12.44%)	
EC3	Coverage of the organisation's defined benefit plan obligations				
	Employer contributions to the trust fund	64,477	76,680	87,264	
	Employer contributions to the provident fund	321,375	359,041	426,957	
	Employee benefit liability as of 31 st March	956,917	1,041,395	1,215,597	
	Payments during the financial year	92,960	107,904	70,150	
Environmental performance indicators					
EN3	Direct energy consumption by primary source (GJ)	379,923	363,479	360,704	
EN4	Indirect energy consumption by primary source (GJ)	236,135	246,259	271,065	
EN11	Sites near/in high bio-diversity areas (protected areas)	10	15	14	
EN16	Total direct and indirect GHG emissions by weight (MT)	Not required as per C level reporting	62,130	65,524	
EN28	Fines and sanctions for environmental non compliance	None	None	None	




SUSTAINABILITY PERFORMANCE - 3 YEARS SUMMARY

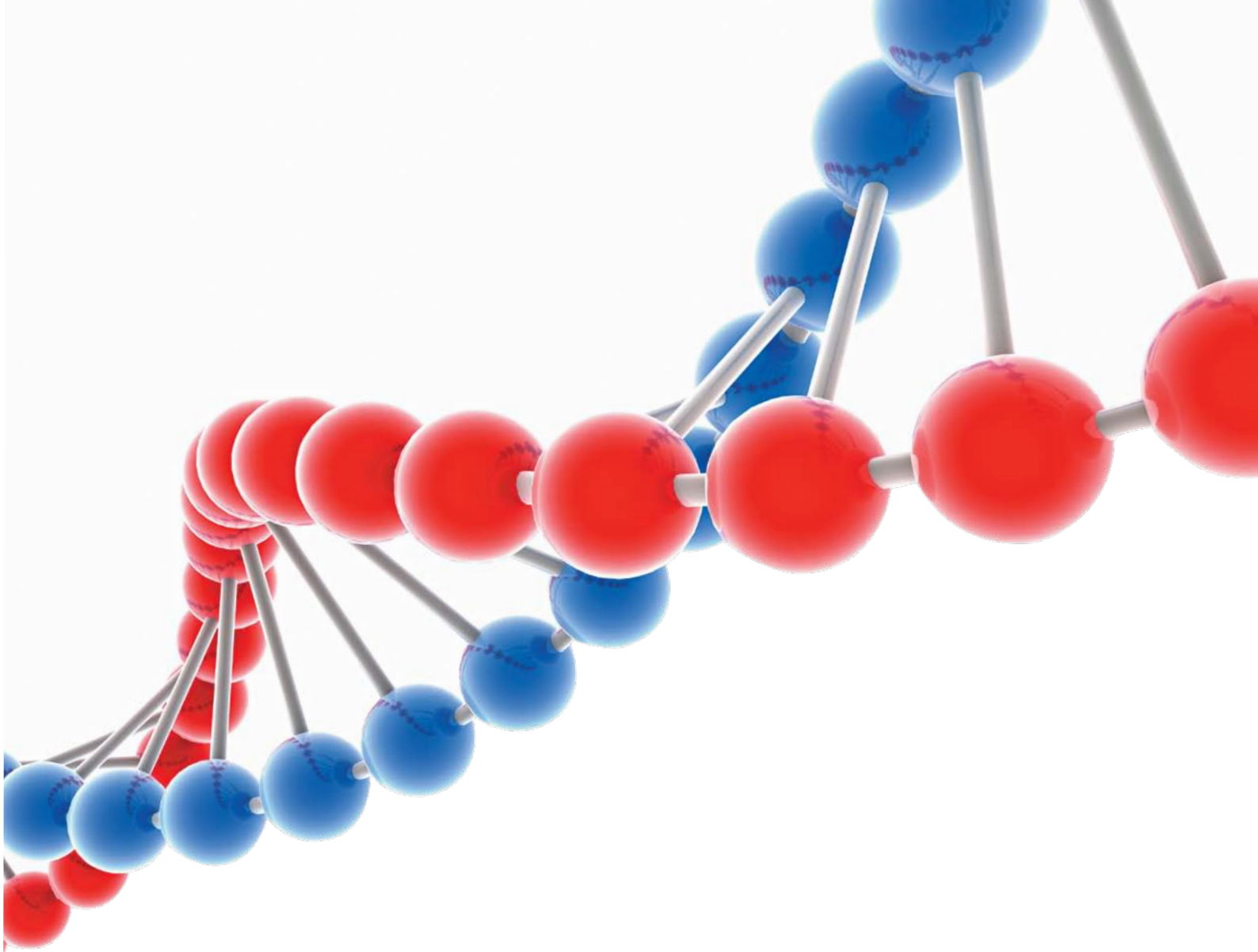
GRI Indicator		2008-(2009)	2009-(2010)	2010-(2011)	
Social performance indicators: Labour practices and decent work					
LA1	Total workforce	9,135	10,675	11,186	
LA2	Total number and rate of employee turnover	Not required as per C level reporting	17%	36%	
LA4	Percentage of employees covered by collective bargaining agreements	29%	18.59%	22.2%	
Social performance indicators: Labour practices and decent work contd.					
LA7	Injury rate - Number of Staff	Not required as per C level reporting	238	180	
	Occupational diseases rate	Not required as per C level reporting	0	0	
	Lost day rate	Not required as per C level reporting	0.0263%	0.0588%	
	Absentee rate	Not required as per C level reporting	0.5713%	0.7168%	
	Work related fatalities	Not required as per C level reporting	None	1	
LA8	Education, training, counselling, programs in place to assist workforce members, their families, or community	Not required as per C level reporting	HIV/AIDS awareness programmes: 6,358 people educated	HIV/AIDS awareness programmes: 15,078 people educated	
LA10	Average training hours per year	Not required as per C level reporting	25 hours per employee	30 hours per employee	
	Non Executive	Not required as per C level reporting	22	20	
	Executive	Not required as per C level reporting	39	83	
	Assistant Manager	Not required as per C level reporting	9	25	
	Manager	Not required as per C level reporting	8	41	
	Assistant Vice President and above	Not required as per C level reporting	10	15	

GRI Indicator		2008-(2009)	2009-(2010)	2010-(2011)	
LA12	Percentage of employees receiving regular performance and career development reviews	Not required as per C level reporting	100%	100%	
Social performance indicators: Human rights					
HR6	Incidents of child labour	Measurement in progress	15	None	
HR7	Incidents of forced labour	None	None	None	
Social performance indicators: Society					
SO1	Programmes/practices that assess & manage impacts of operations on communities, including entering, operating and exiting	6, 624 persons directly impacted	10, 130 persons directly impacted	17, 648 persons directly impacted	
SO2	Percentage and total number of business units analysed for risk related corruption	100%	100%	100%	
Social performance indicators: Product responsibility					
PR3	Type of product information required by procedures, and percentage of significant products subject to such information requirement				
	Sourcing of components	Measurement in progress	  Yes  No	  Yes  No	
	Content or substances with environmental impact	Measurement in progress	  Yes  No	  Yes  No	

SUSTAINABILITY PERFORMANCE - 3 YEARS SUMMARY contd.

GRI Indicator		2008-(2009)	2009-(2010)	2010-(2011)	
	Safe use of product or service	Measurement in progress	 25% 75% Yes No	 26% 74% Yes No	
	Disposal of the product	Measurement in progress	 8% 92% Yes No	 16% 84% Yes No	
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	<ul style="list-style-type: none"> Not required as per C level reporting 	<ul style="list-style-type: none"> Compliant to International Chamber of Commerce Code of Advertising and Marketing Communication Practice. Compliant to procedures laid down by the John Keells committee on advertising 	<ul style="list-style-type: none"> Compliant to International Chamber of Commerce Code of Advertising and Marketing Communication Practice. Compliant to procedures laid down by the John Keells committee on advertising 	
PR9	Monetary value of significant fines for non compliance with rules and regulations concerning the provision and use of products and services	Not required as per C level reporting	Rs. 1.5 million	None	

		
Positive	Negative	Neutral



KEY CHAPTERS

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ECONOMIC PERFORMANCE



The John Keells Group's investment philosophy of 'commitment to delivery and flexibility to change' has enabled us to become competitive locally and globally.



ECONOMIC POLICY

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

The John Keells Group in the year 2010/2011 has continued to adhere to its long term goal of achieving sustainable growth in total shareholders return and enhance the quality of the earnings through sound risk management and diversification of earnings stream whilst conducting our business in a sustainable and socially responsible manner. As in the past, the Group has sought to deliver a strong financial return not only with respect to its shareholders but also vis-à-vis all its manifold stakeholders. Over the last few years, John Keells Group has been moving towards an active and integrative management and oversight of all three aspects of our business, namely economic, social and environmental performance. This includes issues such as pragmatic environmental spending, and measuring the impacts of our social programmes to ensure they are targeted to the intended beneficiaries and stakeholders in a cost effective manner.

The John Keells Group's investment philosophy of 'commitment to delivery and flexibility to change' has enabled us to become competitive locally and globally. The constant review of portfolios, emphasis on organic growth and stringent internal controls have facilitated in the Group achieving double digit earnings growth over the last financial year.

The two-pronged approaches adopted by John Keells Group has enabled it to overturn the negatives of the global economic turmoil and maximise the opportunities available in the post-war Sri Lanka. The approaches were as follows;

1. Prudent financial management, maintenance of a strong balance sheet and careful monitoring of cash flows of Group businesses
2. Effective utilisation of resources and capital

In the business environment of rising fuel and commodity prices, combined with liquidity constraints, the group was able to leapfrog the competitors with implementation of the above mentioned

management approaches effectively by ensuring all our social activities were targeted in the areas that delivered the highest return for our efforts.

The Group fosters a "pay for performance" culture which has led to increased productivity and better performance, greater employee recognition and consequently better rewards and the alignment of employee, management and stakeholder interests. The Group has continuously ensured that it complies with all statutory laws and regulations and that all dues as per these statutory requirements are settled within the specified timeframes. It is also committed to purchasing products and services from communities and suppliers at fair and reasonable prices whilst upholding high standards of business ethics and managing social and environmental impacts efficiently.

The financial statements of the Group have been prepared in accordance with the provisions of the Companies Act No. 07 of 2007 of Sri Lanka and presented in compliance with the Sri Lanka Accounting Standards and provides information required by the Listing Rules of the Colombo Stock Exchange.

All values given in this Economic Performance chapter are in Sri Lanka Rupees unless otherwise stated.

ECONOMIC VALUE STATEMENT

The Economic value statement depicts the generation of wealth and its distribution among the stakeholders by acting responsibly in all of our businesses/ social activities throughout the entire value chain. It also reveals the amounts reinvested for the replacement of assets and retained for the growth and development of operations.

The direct economic value generated by the Group increased from Rs.55.60 billion in 2010 to Rs 69.79 billion in 2011. Of this, 68% (2010 – 67%) was expended towards operating costs whilst 12% (2010 – 10%) of the total economic value generated was retained for

ECONOMIC PERFORMANCE

future expansion and strategic investments. Of the remainder, 25% (2010 – 28%) was paid to providers of funds; 49% (2010 – 48%) was distributed to employees and 23% (2010 – 23%) accrued to the government by way of taxes.

The economic performance of the sectors is described in detail in the Management Discussion and Analysis section of the annual report for 2010/11.

ECONOMIC VALUE STATEMENT FOR 2010/11

For the year ended 31 March	Group Total					
	2011 Rs'millions	%	2010 Rs'millions	%	2009 Rs'millions	%
Direct economic value generated						
Revenue	60,500	86.69	47,980	86.29	41,023	85.07
Interest income	2,748	3.94	2,947	5.30	2,266	4.70
Dividend income	63	0.09	44	0.08	54	0.11
Share of results of associates	2,641	3.78	2,556	4.60	2,340	4.85
Profit on sale of assets & other income	3,367	4.82	2,075	3.73	2,496	5.18
Valuation gain on IP	468	0.68	-	-	41	0.09
	69,787	100.00	55,602	100.00	48,220	100.00
Economic value distributed						
Operating costs	47,506	68.07	37,327	67.13	31,202	64.71
Employee wages & benefits	6,873	9.85	6,138	11.04	5,544	11.50
Payments to providers of funds	3,482	4.99	3,565	6.41	3,811	7.90
Payments to government*	3,194	4.58	2,906	5.23	2,781	5.77
Community investments	46	0.07	30	0.05	38	0.08
	61,101	87.55	49,966	89.86	43,376	89.95
Economic value retained						
Depreciation	1,700	2.44	1,737	3.12	1,690	3.50
Amortisation	609	0.87	541	0.97	305	0.63
Profit after dividends	6,377	9.14	3,358	6.04	2,849	5.91
	8,686	12.45	5,635	10.14	4,844	10.05

Payment to government by country	2011 Rs'millions	2010 Rs'millions	2009 Rs'millions
Sri Lanka	2,690.1	2,220.7	2,146.5
Maldives	492.7	684.7	631.0
India	9.8	0.2	2.7
Other	1.1	0.4	0.8
	3,193.7	2,905.9	2,781.0

Refer Annex 1 for detail breakdown of Economic Value Statement

The increase on community investments compared to last year is due to the Group's focus on investing in new projects whilst the life cycle of certain large community projects are approaching its end. The focus on sustainability and related efforts has increased across the group during the reporting year; the costs associated with such efforts are reflected under separate headings in the books of the head office and the business units.

DEFINED CONTRIBUTION PLAN OBLIGATIONS

Employees are eligible for Employees' Provident Fund (EPF) contributions according to the terms of the Employees' Provident Fund Act No. 15 of 1958 and its subsequent amendments and for Employees' Trust Fund (ETF) contributions according to the terms of the Employees' Trust Fund Act No. 46 of 1980 and its subsequent amendments. The companies contribute the relevant percentages

of the eligible gross emoluments of employees to the respective Employee Provident Funds and to the Employees' Trust Fund respectively, both of which are externally funded.

Subject to the rules of the provident fund, to which such contributions are made, the group contributes 12-20 per cent as the employer's contribution and the employees contribute 8-15 per cent to their respective provident funds. The contributions are directly transferred on 15th day of every month to the Employees' Provident Fund, managed by the Central Bank of Sri Lanka or to a private provident fund maintained by the company. Furthermore, the group also contributes 3 per cent to the Employees' Trust Fund managed by the Department of Labour.

The private provident funds are controlled and administered by management committees appointed by the members and governed by an approved set of rules. The assets of the funds available for investment are invested from time to time in suitable income generating instruments keeping in line with the investment limits prescribed in the guidelines, and the accounts of the funds are audited every year. The committees and members meet once a year to ratify the financial statements and all members of the funds are entitled to examine the audited financial statements and the entries applicable to them made during the year in the registers.

Rs. 000s	2011	2010	2009	2008
Employer contributions to the trust fund	87,264	76,680	64,477	58,615
Employer contributions to the provident fund	426,957	359,041	321,375	291,618

We also abide by the country regulations for Maldives and India which is inclusive in the figure shown.

DEFINED BENEFIT PLAN OBLIGATIONS

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 will receive half a months' salary for every year of service on retirement or termination of service.

The liability recognised by the Group in respect of employee benefit liabilities in the balance sheet is the present value of the defined benefit obligation of the Group at the balance sheet date using the projected unit credit method.

The employee benefit liabilities of listed companies with more than 100 employees are based on an actuarial valuation. The liabilities of all other companies in the group are based on the gratuity formula specified by Sri Lanka Accounting Standard 16, governing employee benefits.

COMPARATIVE INFORMATION

The presentation and classification of the economic value statement of the previous year has been amended, where relevant, for better presentation and to be comparable with those of the current year.

Rs. 000s	2011	2010	2009	2008
Employee benefit liability as at 31 March	1,215,597	1,041,395	956,917	798,600
Payments during the financial year	70,150	107,904	92,960	77,830



ENVIRONMENTAL IMPACT



Minimizing the impact of energy related environmental damage and enhancing the Groups' competitiveness through energy cost savings by embracing lean energy management practices

- John Keells Group Energy Management Policy



ENVIRONMENTAL POLICY

The John Keells Group is committed to promoting sound environmental practices within our key businesses, through the establishment of policies and practices that 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 using our resources in a sustainable and efficient manner

The John Keells Groups' environmental policy stems from its commitment to responsible citizenship and this chapter deals with the Groups' environmental activities. The Group has sought to minimise the Groups' Carbon Footprint and mitigate any environmental impact caused from its products and services. A comprehensive environmental management system is implemented throughout the Group and we have put much emphasis on energy and biodiversity. Mechanisms are in place to measure the Group carbon footprint; identify actions taken to prevent any environmental impact from our products and services and assess the monetary value of significant fines and the total number of non-monetary sanctions for non-compliance with applicable environmental laws and regulations.

The John Keells Group steers all its' companies towards sustainable energy usage and much importance is placed on the efficient use of energy and the use of renewable energy which are key components of sustainable energy. Many of our Group companies are involved in numerous energy saving initiatives and the use of renewable energy in solar water heating and new technologies such as eco-gen systems. Our energy management processes are constantly updated in keeping with the latest technologies and best practices.

During the reporting period, all Group companies continued to adhere to the John Keells Group Biodiversity Conservation Policy and Management Guidelines. Group companies ensured the protection of natural resources, flora and fauna within and adjacent to their premises.

We believe that with respect to our environmental policy, the John Keells Group leads by example and that our approach to the environment has had a positive impact on manufacturers, suppliers, consumers, customers and other related stakeholders.



ENVIRONMENTAL IMPACT



JOHN KEELLS ENERGY MANAGEMENT POLICY

The strategic focus on sustainable energy usage continued to drive our energy management and conservation efforts during the year under review. To this end the Business units have focussed on driving continuous improvement programs in all sustainable energy management processes across the various businesses with the objective of optimising usage and improving efficiencies.

The Group energy management policy continued to be reinforced through these efforts and we are now a step closer in our journey towards achieving our goal;

Minimizing the impact of energy related environmental damage and enhancing the Groups' competitiveness through energy costs savings by embracing lean energy management practices

STRATEGIC SHIFT IN THE MANAGEMENT APPROACH

Although the energy management initiatives were institutionalized across the Group during the year 2009/10, it was felt that the centralized management structure which was put in place previously to drive the roll out across the group was not complimenting the effort as envisaged. To this end, changes were made to the structure so that the ownership and responsibility of the energy initiatives and its achievement clearly sits within each business unit and forms an integral part of their business and review processes. This shift has made a significant difference in focus to the sustainability drive across the Group as there is now involvement at every level within each business sector recognizing the need for sustainable energy usage.

TARGETS AND KEY PERFORMANCE INDICATORS

Targets and KPIs that were set up previously across the group was revisited and revised where required during the year under review in the light of the above changes in structure and accountability. Further setting up the required measurement process was a top priority to ensure that above target and KPIs could be monitored. To this end, targets set now reflects both a pragmatic and achievable quantum of measure within the operations of each business and also forms a part of their strategic priorities to be achieved during the year going forward.

TRAINING AND AWARENESS BUILDING

Building on the training programs conducted to date on sustainable energy consumption, the Group continues to focus on this area in the year under review. All Business units across the Group continued to reinforce top of mind awareness among the key users and staff in general. These programs were facilitated through intranet postings, poster campaigns and at management meetings. Further energy performance/usage forms a key reporting process across all operating units in the Group. The leisure sector in particular has extended this initiative down the value chain to include customers as well.

ENERGY INITIATIVES CARRIED OUT DURING THE YEAR

The initiatives carried out across the Group during the financial year of 2010/11 were primarily under the continuous improvement heading. These include the following;

CONTINUOUS IMPROVEMENT PROGRAMS ACROSS THE GROUP/SECTORS

- Installation of energy efficient lighting
- Upgrading of power management systems such as capacitor banks
- Regulating energy load factors during peak demand periods
- Scheduled preventive maintenance programs for all electrical and other equipment
- Management of Ambient temperatures of HVAC systems

Leisure Group

- Energy audits carried out in the Resorts in Sri Lanka as well as the Maldives to identify areas for improvement
- Installing energy efficient LED/CFL lighting on a replacement basis
- Peak energy consumption is managed by shutting down power in non-critical equipment and guest areas
- Replacing electric water heaters with solar panels heaters
- Installing inverter type air conditioners on a replacement basis
- Improving on good housing keeping practices by ensuring non critical lighting is switched off

We Care About The Environment

We are committed to undertaking practices that preserve our natural resources.

Your bed is linen fresh when you arrive and your room is serviced every day.
For extended stays, linen will be changed every third day.
However, we are delighted
to meet your needs by changing your linen upon request.

"LEAVING THIS CARD ON YOUR BED MEANS"
"Please change my bed linen today"

Working together we can conserve million litres of water,
save energy and minimize the release of detergents into the environment.

Thank you and enjoy your stay !

Retail

- Conversion of fluorescent light to include electronic ballasts
- Designing of outlets to maximize on natural lighting with the installations of skylights / glass panels
- Installation of 40 units of energy efficient island freezers with an investment of Rs. 11.2 million
- Optimising the lighting cluster to include a limited number of lights per switch
- Focussed initiative to monitor usage and accountability through monthly management meetings
- Internal energy audits are conducted by the retail area managers for compliance of initiatives rolled out
- A reward program is in place where 20% of the savings achieved is shared among the respective staff of the outlet.

Food and Beverage

- Installation of refrigeration compressors with Variable Speed Drives (VSD) to control the cooling energy required for the Ice Cream Stick Machine
- Upgrading the water treatment plant with VSD controlled distribution pumps to precisely control the treated water requirement for the manufacturing line
- Installation of Air compressors with VSD to optimally control the required compressed air for the manufacturing line

Other Sectors

- Plantation sector continues to maintain a high level of efficiency in indirect energy use by maintaining the VSD systems in good working order and by continuous monitoring of the total usage.
- The Plantation Sector also encourages the smallholder suppliers to grow fast-growing species of fuel wood such as Gliricidia and which in turn is purchased as firewood sticks.

OTHER NEW INITIATIVES CARRIED OUT ACROSS THE GROUP

Real Estate

- All office relocations during the year were planned to include maximum energy savings through building designs

Retail sector

- Energy audits are being carried out along with an energy management company to identify energy saving opportunities within the outlets.
- Further, in collaboration with the University of Moratuwa the sector is carrying out an initiative to monitor and regulate the air conditioning temperature through a process of sensors. This installation would regulate the thermostats to provide the required temperature based on the customer population within the outlet at any given time.

Food & Beverage Manufacturing

- The F&B sector has commenced an energy efficiency initiative to reduce the electrical power consumption in chillers with an initial investment of Rs. 3 million in order to achieve savings of Rs. 1.4 million per annum in collaboration with an energy management company
- Evaluating the usage of heat recovery of splash steam from the bottling plants to be used for the manufacturing line to reduce the furnace oil consumption in the boilers

Leisure

- Installation of Building Management System with an investment of Rs. 5.6 million at Cinnamon Lakeside to monitor, control and time schedule the equipments in operations with regard to heating, ventilation, air-conditioning, lighting and power management in order to save energy.
- Using the cool air discharge from the hot water pumps to provide air conditioning to staff quarters in the leisure sector
- Recovery of waste heat from air-conditioning units to produce hot water for guest rooms

GREEN GLOBE CERTIFICATION

Sri Lankan resorts and city hotels and Chaaya reef Elladhioo in Maldives are registered with the Green Globe certification process, out of which Chaaya Reef Elladhioo and Cinnamon Lakeside has already obtained certification with 76% and 61% compliance respectively. After obtaining the initial certification each hotel would have to demonstrate a continuous improvement in order to retain the certification along with the criteria which would be updated annually by Green Globe. Chaaya Reef Elladhioo and Cinnamon Lakeside would be audited for recertification under the updated criteria in 2012 and they would have to demonstrate a 5% increase in their compliance rating.

Green Globe was developed to provide a way forward for tourism organizations who were interested in measuring their environmental impact and then developing and implementing strategies to reduce those impacts. Green Globe updates its certification criteria annually to ensure international compliance.

Why Green Globe?

- Credibility
- Transparency
- Lower Operational Costs
- Better Business
- Corporate Social Responsibility
- Better Environmental Performance
- Paperless Certification Process
- Marketing Advantage
- Higher Visibility in the Market

We hope to obtain the certification with an internal target of 70 per cent compliance for all our current hotels and have all our new properties registered with green globe in order to obtain certification.

LEED CERTIFICATION

Leadership in Energy & Environmental Design (LEED) is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies intended to improve performance in metrics such as energy savings, water efficiency, CO2 emissions reduction, improved indoor environmental quality, and stewardship of resources and sensitivity to their impacts.

Chaaya Bey situated in Beruwela is currently registered with the USGBC and is aiming to obtain the certification or silver level and be a LEED certified hotel by year 2013. Five overarching categories correspond to the specialties available under the LEED Accredited Professional program out of which our construction falls under "LEED for new construction" in Green Building Design and Construction.

ENVIRONMENTAL IMPACT

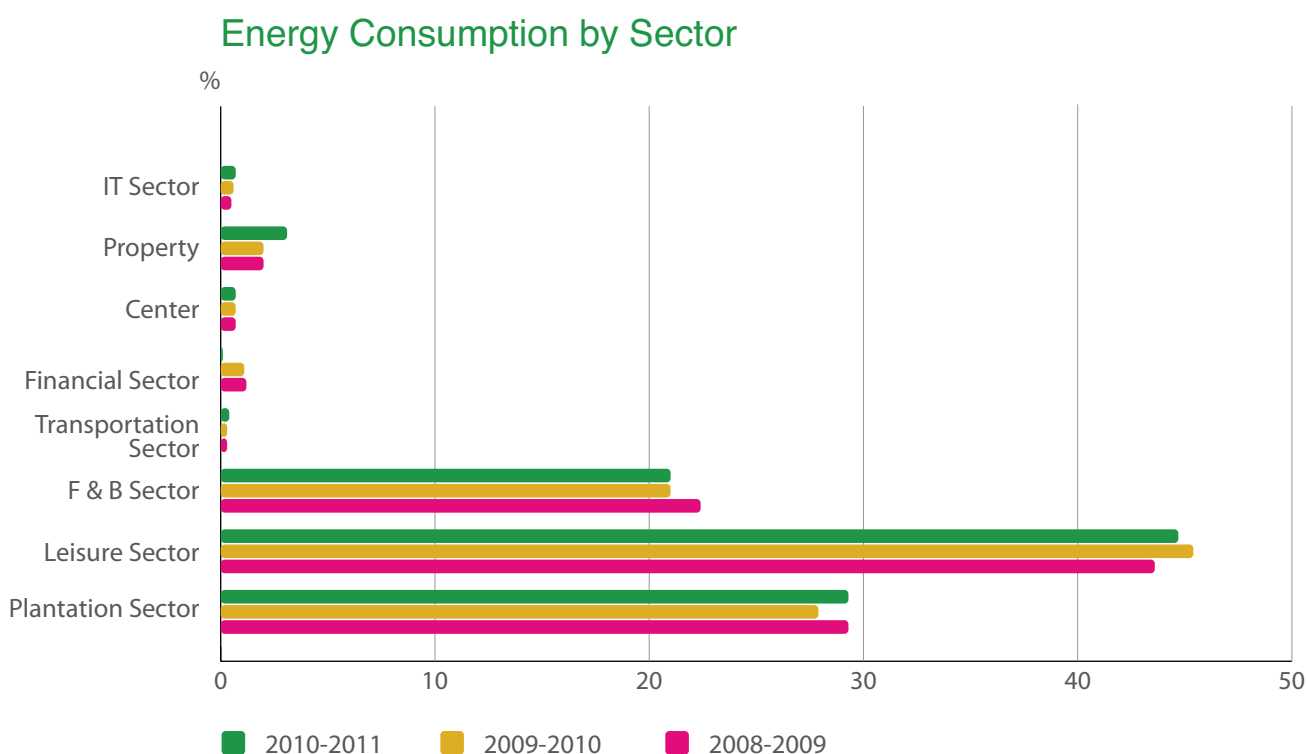
THE GROUP ENERGY USAGE

Following table shows the John Keells Group's energy consumption for year 2010-11 compared with the reporting years of 2008-09 and 2009-10.

Description	Unit of Measure	Energy Usage			Consumption in Giga Joules		
		2008-09	2009-10	2010-11	2008-09	2009-10	2010-11
Direct Energy					379,923	363,479	360,704
<i>Fossil fuel</i>					215,718	209,463	192,246
Diesel	Liters	5,062,249	4,917,264	4,051,183	153,671	149,270	122,979
Petrol	Liters	2,434	8,971	10,330	67	247	284
Furnace Oil	Liters	1,477,169	1,365,423	1,518,300	46,791	43,251	48,094
Liquid Petroleum Gas	Kg	345,456	379,695	475,084	15,189	16,695	20,889
Renewable Energy					164,205	154,016	168,458
Renewable Energy (Solar)	KwH	227,408	238,771	125,750	819	860	453
Renewable Energy (Bio Mass)	Cu M	34,552	32,389	35,529	163,386	153,156	168,005
Indirect Energy				-	236,135	246,260	271,065
Electricity From National Grid	KwH	65,593,062	68,405,343	75,295,932	-	-	-
Renewable - Hydro	KwH	26,237,225	27,362,137	37,647,966	94,454	98,504	135,533
Non Renewable - Thermal	KwH	39,355,837	41,043,206	37,647,966	141,681	147,756	135,533
Total Energy Consumption					616,058	609,739	631,769

As indicated in the table above, during the year under review, the total energy consumption of the group has increased by 3.6%.

ENERGY CONSUMPTION BY SECTOR



The sector wise energy usage analysis as depicted in the above chart shows an increase in the consumption compared to last year in the Food & Beverage, Leisure and Plantations sectors. The main reasons for this increase is attributable to increased production volumes in the F&B sector, opening of new Keells Super Outlets, higher occupancy rates experienced in the Leisure sector and larger production volumes along with unsuitable weather patterns experienced in the plantation sector respectively.

Further, the reopening of Chaaya Blu and closure of Coral Gardens for refurbishment also had an impact in the overall energy footprint of the Leisure sector.

The divestment of Cinnamon Alidhoo, Maldives also had a positive impact on the direct energy consumption during the financial year of 2010/11.

SAVINGS ACHIEVED FROM ENERGY INITIATIVES ACROSS THE GROUP COMPANIES

Company	Details	Savings measure
Bentota Beach Hotel	1. Energy saving due to replacement of CFL bulbs 2. Use of Solar Power water heating system to provide hot water	1. 139,600 KWH per annum 2. 5,575 KWH per annum
Chaaya Blu	1. Placing CFL bulbs in public areas instead of incandescent 2. Use of Gas grill plates instead of Electric plates	1. 8,300 KWH per annum 2. 20,400 KWH per month
Yala Village	1. Electricity saving initiatives <ul style="list-style-type: none"> Replacing electric water heaters with solar panels Introduction of CFL bulbs for all rooms Training of staff 2. Replacement of old kitchen appliances and training for kitchen staff have reduced the LPG consumption 3. Optimisation of generator usage and proper vehicle scheduling has curtailed the fuel consumption	1. Electricity saving of 35,000 KWH per annum 2. 240 Kg of LPG per month 3. 600 Litres per month
Chaaya Village	1. Increase in use of CFL bulbs instead of incandescent	1. 118,700 KWH per annum
Cinnamon Lodge	1. Conversion of incandescent bulbs to CFL 2. Installation of Solar panels (6 units) and Ecogens (43 units)	1. 26,400 KWH per annum 2. 194,400 KWH per annum
Cinnamon Lakeside	1. Replacing incandescent bulbs with CFL 2. Building Management System is installed to monitor and control the equipments in relation to heating, ventilation, air-conditioning, lightening and power management	1. 23,400 KWH per annum 2. 75,360 KWH per annum from Air handling units 205,800 KWH from Exhaust Fans 15,600 from lighting
Chaaya Citadel	1. Conversion to CFL from incandescent bulbs 2. Installation of new VSDs 2. Solar panels are fixed for heating purposes 4. Regular on the job training and awareness programs	180,000 KWH per annum
Hakura	1. Guest room and pathway lights converted to LED lighting 2. Improving the efficiency in sewage treatment plants 3. Awareness campaign among staff 4. Encouraging guest to reuse bed linens & towels without constantly sending for laundry washes	1. 28,570 kWh per annum Over all 4% reduction energy usage per occupied room night compared to FY 2009/10
Ellaidhoo	1. Energy efficient lighting program initiated by replacing existing bulbs with LED lighting to all Water bungalows 2. Inculcating guests to reuse bed linens and towels without constantly sending for laundry washes 3. Awareness poster campaign initiated for employees	1. 37,765 kWh per annum 2. 28,370 KWH per annum Overall 5% reduction in consumption per occupied room in comparison to FY 2009/10
Dhonveli	1. Reducing linen usage/ washing and educating guest on efficient use (reuse) of linens. 2. Replacement of old lighting with LED bulbs 3. Awareness campaign among staff (with posters)	1. 37,000kWh reduction per annum
John Keells Logistics	Fixing CFL Bulbs	7,000 KWH per annum
Ceylon Cold Stores	Replacing chillers in soft drink factory to reduce electricity consumption with an investment of Rs. 3 Million	Estimated annual savings in electricity consumption is Rs. 1.4 Million

ENVIRONMENTAL IMPACT



CARBON FOOTPRINT

Our Carbon Footprint for the year 2010/2011 has been estimated to be 65,524 MT CO₂eq. This constitutes of 14,202 MT of Scope 1 direct emissions and 51,322 MT of Scope 2 in-direct emissions.

In its commitment towards environmental responsibility, the John Keells Group established its baseline carbon footprint of 62,130 MT CO₂eq last financial year (2009/10). This financial year (2010/11), the carbon footprint has shown an increase of 5% to 65,524 MT CO₂eq, mainly driven by the company growth especially in the Leisure, Consumer Foods and Retail sectors given the improved business climate in the country. The Group has taken the necessary initiatives to align itself to optimize emissions generated from operations, processes, products and services, as well as periodically monitor the continuous improvement efforts carried out. This year to further the Group's commitment towards environmental responsibility, specific internal energy efficiency targets have been established by each business unit.

The John Keells Group carbon emissions have been measured using Greenhouse Gas Protocol governed by World Resources Institute (WRI) and the World Business Council for Sustainable

Development (WBCSD). The emission factors have been derived from IPCC Guidelines for National Greenhouse Gas Inventories. For year 2010/2011, our boundary for the emissions measurement has been governed scope 1 and scope 2. Scope 1 is GHG emissions occurring directly from sources that are owned or controlled by our organization whilst scope 2 is indirect emissions generated in the production of electricity consumed.

Electricity – The main constituent of the carbon emissions is generated from electricity sourced from the national grid, contributing approximately 78% of the Groups' footprint. In comparison to the previous years' baseline footprint, the electricity component has increased by 10%. This mainly is due to the high occupancy levels in Hotels during FY 2010/11, which has increased the electricity usage. In addition, reopening of Chaaya Blu and closure of Coral Gardens for refurbishment has had an impact in the overall energy consumption of the Leisure sector. Under Consumer Foods and Retail sector, the boost in energy usage is mainly driven by opening of new Keells Super retail outlets and the increase in the production volume at food and beverage manufacturing sectors. In order to reduce the impact, the Group has implemented a group-wide strategy of conserving electricity as well as improving the efficiency of equipment and buildings, in addition to establishing measurable energy goals & targets.

Diesel – The second main constituent of the carbon emissions is produced from generators which are powered using diesel, contributing approximately 14% of the footprint. Generators are mainly used as a back up source of power at the companies and hotels in Sri Lanka, whilst in the Maldivian resorts it is the only source of power due to the unavailability of grid power to the islands. In comparison to the previous years' baseline footprint, the diesel component has reduced by 18%. This is due to the improvements made by close energy monitoring and increased efficiency of the generators operated. The divestment of Cinnamon Alidhoo, Maldives has further curtailed the direct energy usage during the financial year of 2010/11. This has been further complimented by energy saving initiatives such as implementation of EcoGen systems which uses heat generated from the air-conditioning for heating of water and other implementations which can be found under Energy Initiatives on pages 50 to 53.

JOHN KEELLS GROUP CARBON FOOTPRINT

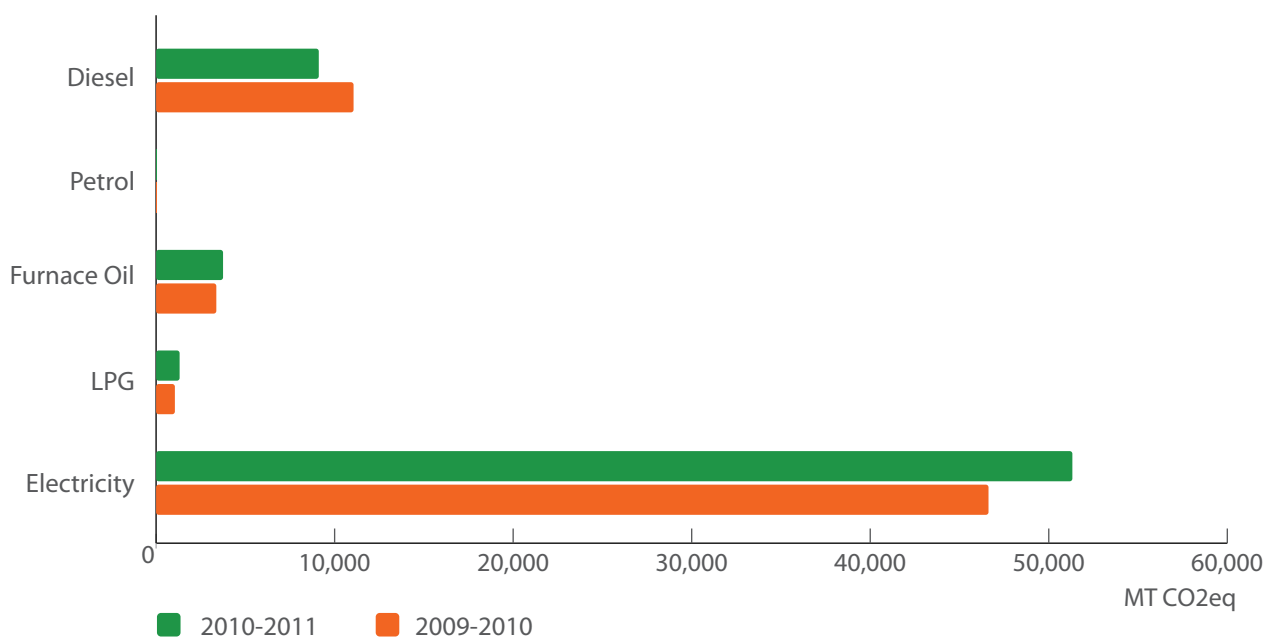
Description	Unit of Measure	Energy Usage	Consumption in Giga Joules	Consumption in Tera Joules	Emission Factor (kg/TJ)	Carbon Footprint (MT CO ₂ eq)	
						2010/2011	2009/2010
Diesel	Liters	4,051,183	122,979	123	74,100	9,113	11,061
Petrol	Liters	10,330	284	0.28	69,300	20	17
Furnace Oil	Liters	1,518,300	48,094	48	78,000	3,751	3,374
LPG	Kg	475,084	20,889	21	63,100	1,318	1,053
Scope 1 - Direct Energy			192,246	192		14,202	15,505

Description	Unit of Measure in KwH	Consumption in MwH	Emission Factor (T CO2eq/MwH)	Carbon Footprint (MT CO2eq)	
				2010/2011	2009/2010
Electricity	75,295,932	75,296	0.6816	51,322	46,625
Scope 2 - In-Direct Energy	75,295,932	75,296		51,322	46,625

	2010/2011	2009/2010
Carbon Footprint (MT CO2eq)	65,524	62,130

*CARBON EMISSION FACTOR SOURCE - IPCC GUIDELINES FOR NATIONAL GREENHOUSE GAS INVENTORIES AND PUBLISHED BY THE INSTITUTE FOR GLOBAL ENVIRONMENTAL STRATEGIES (IGES)

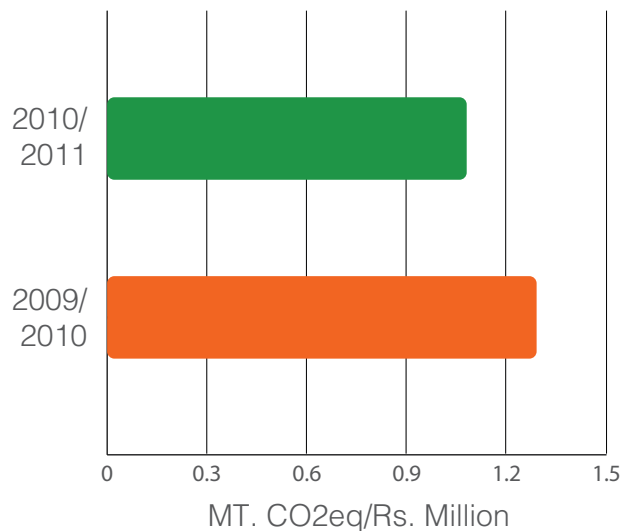
JOHN KEELLS GROUP CARBON FOOTPRINT 65,524 MT CO2eq IN 2010/2011



ENVIRONMENTAL IMPACT

Carbon Footprint & Revenue Comparison	2010/11	2009/10
Carbon Footprint / MT CO ₂ eq	65,524	62,130
Revenue / Rs. Millions	60,500	47,980
MT CO ₂ eq / Rs. Million	1.08	1.29

Carbon Footprint and Revenue comparison



CONSERVATION OF BIODIVERSITY

Sri Lanka is identified as one of the most valuable biodiversity hotspots of the world and the John Keells Group, seeks to conserve, and where possible, enhance the biodiversity of the locality in which its businesses operate in.

This is done through the implementation of environmental best practices relating to conservation and protection of biodiversity including the adherence to ISO 14001 Environmental Management Systems (which is currently being implemented across selected Group companies) and measures taken to ensure adherence to all statutory and Governmental regulations pertaining to the protection of fauna and flora and the overall environment.

The following Management Guidelines have been issued to all companies within the Group.

- All companies including new companies which may be acquired merged or formed, and in which the Group exercises management control, shall fall within the purview of the Group's biodiversity policy.
- At a minimum, all such Group companies shall comply with all applicable local and governmental legal/ regulatory obligations. In the event the Group feels that existing legal requirements are insufficient to cover the Group's operations, sound management practices and procedures will be applied to ensure that the biodiversity of the area is protected.

- The Group will share best practices with regard to the conservation of biodiversity within the Group and ensure that all relevant personnel are provided with the skills and knowledge to comply with the biodiversity policy of the Group.
- All Group companies shall monitor emerging issues and keep abreast of regulatory changes, technological innovations and stakeholder interests. The Group shall carry out and support projects that conserve and raise awareness about the importance of maintaining the integrity of essential ecosystems.
- The Group shall continue to work with the government, academia, non-governmental organizations, business associations and other interested stakeholders in striving to develop effective and sustainable legislature and solutions to minimize the impact on the biodiversity in the areas of operations.

GROUP BIODIVERSITY CONSERVATION POLICY

The Group Biodiversity Conservation Policy reads as follows.

"The Group shall seek to conserve, and where possible, enhance biodiversity of the locality through the adherence of local and Governmental laws and the implementation of best practices relating to conservation and protection of biodiversity in areas where operations of the Group are carried out."

"The Group understands and acknowledges its responsibility in conserving and protecting the biodiversity of the areas it carries out operations, not only for the purpose of ensuring sustainable business, but to take care of the planet and preserve its diversity, beauty, resources and strength for future generations."

MANAGEMENT APPROACH AND CONSERVATION INITIATIVES CARRIED OUT

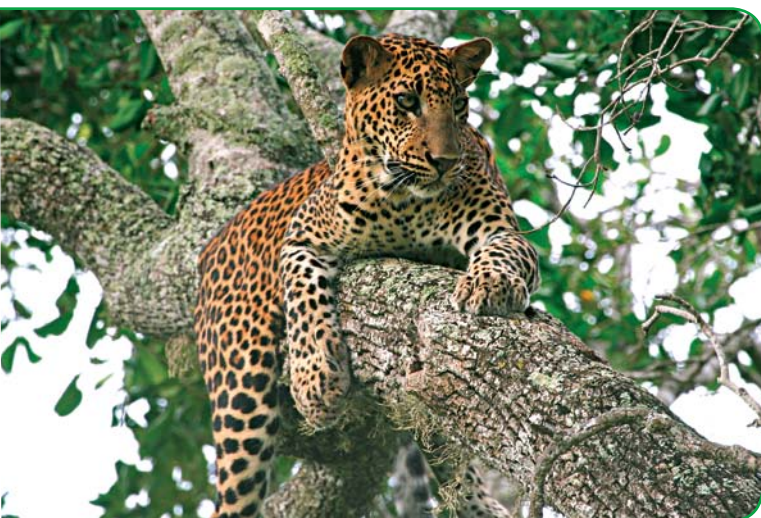
In line with the Biodiversity Conservation Policy and Management Guidelines, Group companies operating in close proximity to biodiversity hot spots and protected areas carried out their annual surveys through the Group's naturalist team "Nature Trails", and recorded the visible flora and fauna in the premises of each identified group company. This exercise enables us to continuously monitor any impact of our operations on the biodiversity of the surrounding environment. The annual survey recorded no significant deviations from the flora and fauna recorded in the previous year.

While ensuring that the biodiversity of the environment is protected, the Group also launched various projects and initiatives at various Group companies, with a view to conserving specific species of flora and fauna and to educate staff and the population in the vicinity, of the need for cohabitation between humans and nature as a whole.

PROJECT LEOPARD

One such project that was carried out during the year was “Project Leopard” initiated by Yala Village, which is a conservation initiative to safeguard leopards that live outside the safety of the Yala National Park.

The project was carried out to create awareness amongst cattle farmers on the behavioural habits of leopards and the need to safeguard the leopard population in the area. The project entailed the construction of steel pens for cattle farmers who previously permitted cattle to roam free at night. During the year Yala Village was able to construct and handover three steel pens to farmers and



three more are planned to be handed over at the year end. This has enabled farmers to keep their cattle from falling prey to leopards, thus potentially reducing the human-leopard conflict.

This project has now gathered momentum with a partner company Exodus Travel Ltd from Europe also collaborating in the efforts to provide more steel pens to farmers.

The Leopard, which is the star attraction of the Yala National Park, was also recently the subject of interest for the National Geographic Channel, a premier channel owned by Fox Entertainment Group.

A group of cameramen from the National Geographic Channel flew down to Sri Lanka at the height of the drought to capture unseen footage of leopard behavior at night. The project began in July with the Group’s naturalist team, “Nature Trails” being the ground handling managers for this exclusive 47 day Nat Geo shoot. Special permission was sought from the Department of Wildlife to commence shooting within the Yala National Park at night. The observations made by the team have shed much light into the hidden world of the leopard at night, helping to understand the nocturnal habits of leopards.

PRIMATE WATCH

Another conservation project launched by the Group was Project “Primate Watch”.

The “Nature Trails” team of John Keells Hotels Group in collaboration with the MSc Primate Conservation program at Oxford Brookes University, in the United Kingdom, successfully conducted ‘The Primate Watch’, a program aimed at studying the behaviour, environment and ranging patterns of the primates at Cinnamon Lodge Habarana and Chaaya Village Habarana, observing the interactions of these species with the staff and guests and promoting ‘Primate Tourism’.

PIGEON ISLAND CONSERVATION PROJECT

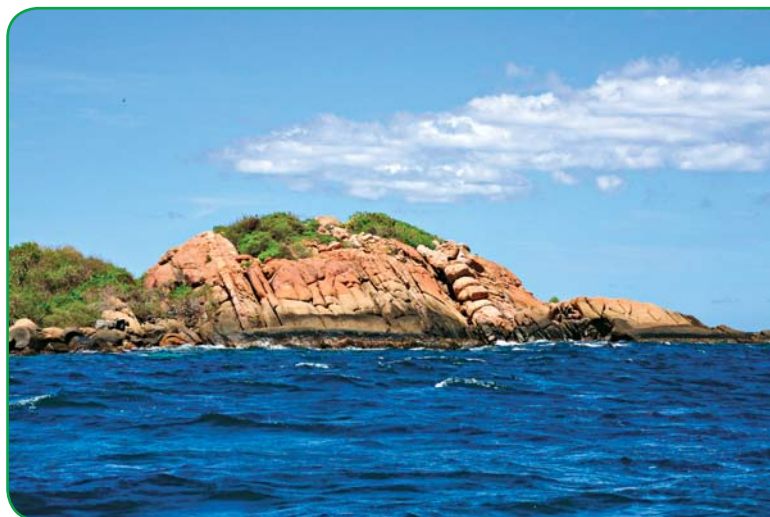
Pigeon Island is a haven for snorkelling enthusiasts to observe the rich coral reefs off the Island and is a popular tourist excursion point for many hotels operating in the vicinity.

Like many places of sensitive ecological interest, over visitation is threatening the very survival of its beauty.

The Chaaya Blu and naturalists team joined hands with the Department of Wildlife Conservation in erecting sign boards that advises visitors of behaviour that will destroy the natural beauty of Pigeon Island. Further, the Group’s Nature Odyssey team at Chaaya Blu also sponsored the placement of a line of buoys along the coral reefs at Pigeon Island, which will act as a barrier for speeding boats from damaging the fragile corals that are breathing new life here.

In addition to the above conservation efforts, Group Companies located in environmental sensitive areas, provided training to employees on the value of conservation of the flora and fauna in the vicinity of their location. Furthermore in keeping with the commitment to develop team’s professional capabilities, the resident naturalist at Chaaya Blu was trained on Open Water Diving.

In conforming with the ISO 14000:2004 standards, which require minimal pollution to the environment as far as possible, Walkers Tours Ltd obtained ISO 14000:2004 during the last year, becoming the first and only destination management company in Sri Lanka to be certified for both, ISO 9001:2008 Quality Management System and ISO 14000:2004 Environment Management System.



ENVIRONMENTAL IMPACT

During the year several tree planting campaigns were also carried out among resort hotels, commemorating the World Environment Day and National Tree Planting Day. This was carried out in both Sri Lankan and Maldivian Resort Hotels.

In keeping with the slogan “Refreshingly Sri Lanka - Visit 2011”, Bentota Beach Hotel organized the first program of beach cleaning in Bentota, with the association of Bentota / Beruwela Hoteliers’ Association and Sri Lanka Tourism Development Authority (SLTDA). Employees from all the hotels, beach operators, beach vendors, community, as well as the Private sector, Government and Non-Government Organizations in the area took part in the event.

Celebrating the World Tourism Day on 27th September, Chaaya Village organised a “shramadana” (volunteer work) to remove weeds not edible by elephants in the Minneriya National Wild Life Park. This was at the request made by Wild Life Conservation Authority.

A campaign was also organised by the staff of Chaaya Village to clean the Habarana Lake by clearing all dirt and debris along the boundary of the hotel.

As one of the pioneers in organizing whale watching tours in the seas off the southern cost of the country, the Leisure Sector continues to work in collaboration with the Tourist Board and the Department of Wild Life Conservation in carrying out such operations. The Group is represented in a committee setup by the Government to draft guidelines to govern whale watching excursions in order to ensure the conservation and protection of whales and marine life. The “Nature Trails” team of naturalists based at Keells Hotels spearhead this initiative and they were also the first team to re discover the lost whales of Trincomalee on the East Coast after the cessation of hostilities.

The butterfly garden created by the Group’s naturalists at the Cinnamon Lodge continues to serve as an ideal habitat for local butterflies. The main objective of this project is to conserve and protect such species whilst simultaneously creating awareness about the significance of butterflies in protecting biodiversity amongst guests, employees and villagers, which in turn would help to protect such



species. This 5 acre butterfly garden was setup under the expert guidance of consultant lepidopterist, the renowned Dr. Michael van der Poorten and butterflies numbering over 30 varieties of species have been observed in the facility.

All Group companies continuously aim to reduce the use of water, energy and production materials used in operations and continuously work on reducing operational activities that pollute water, land and air and create noise levels which have a significant impact on the biodiversity of the area of operations.

MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During the year in review, none of the John Keells Group companies were fined or levied monetary or non-monetary sanctions for non-compliance of environmental laws and regulations in any of the countries where operations of the Group took place.

The Group identified the companies that would be reported under by considering the nature of operations of such companies (Manufacturing, Warehousing, Bunkering and Hotels; and Offices & Retail) and the locality in which such companies are situated in. The locality was classified into the following areas,

- City / Urban
- Suburban
- Rural / Exotic Area / protected area.

Companies whose nature of operations fall within the Manufacturing; and Warehousing, Bunkering & Hotels; and where such companies are located in rural, exotic areas or close to protected areas were identified for reporting. These identified companies are depicted within the highlighted area of the following table.

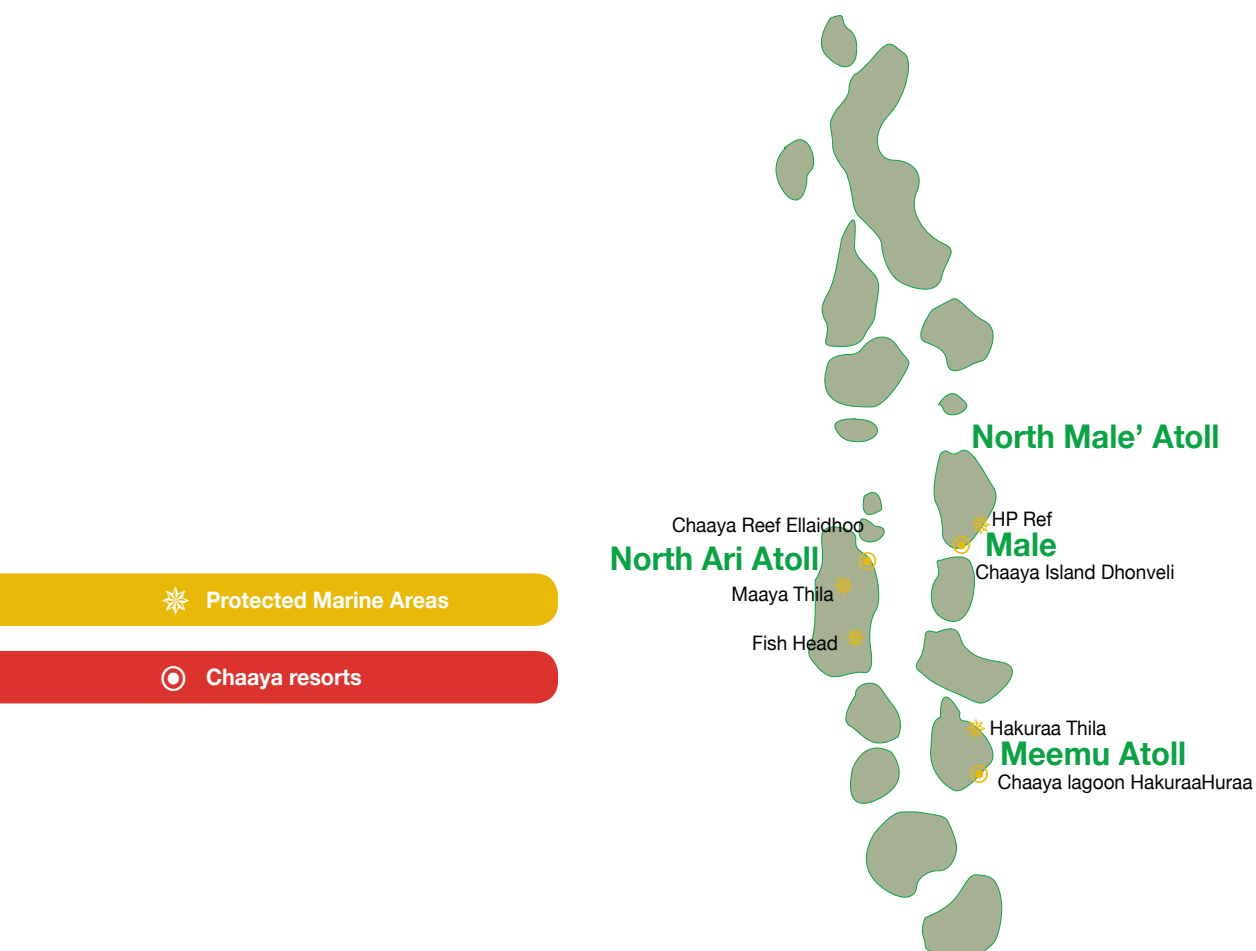


	Manufacturing	Hotels, Logistics & Warehousing, Tea Factories, Bunkering	Retail Outlets & Offices	
City & Urban Areas		Whittal Boustead Cargo Lanka Marine Services Cinnamon Grand Cinnamon Lakeside	Auxicogent International Lanka Auxicogent International Auxicogent International USA Auxicogent Investments Mauritius Quattro Business Support Services Infomate Information System Associates John Keells Computer Services UK John Keells Computer Services John Keells Software Technologies John Keells Office Automation John Keells John Keells Tea John Keells Properties Keells Realtors Whittal Boustead Real Estate Crescat Boulevard John Keells Holdings John Keells International John Keells Singapore Keells Consultants Mackinnons Keells Financial Services Mortlake John Keells Holdings Mauritius Facets	Walkers Air Services Mack Air Mack Air Services Maldives Mackinnons American Express Travel John Keells Air Services India Mackinnon Mackenzie & Co Ceylon John Keells Logistics India Mackinnon Mackenzie Shipping Keells Shipping JK Packaging Ceylon Cold Stores - Head Office Keells Food India Keells Food Products Mauritius JayKay Marketing Services Nexus Networks John Keells Stock Brokers Union Assurance Walkers Tours Whittal Boustead Travel Serene Holidays John Keells Hotels Keells Hotels Management Services John Keells Hotels Mauritius Auxicogent Alpha Auxicogent Holdings
Suburban Areas	Ceylon Cold Stores - Factory Keells Food Products	John Keells Logistics John Keells Logistics Lanka Transware Logistics		
Rural Areas / Exotic Areas / Close to Protected Areas		Coral Gardens Hotel Bentotal Beach Hotel Cinnamon Lodge Chaaya Village Hotel Bayroo (Land only) Chaaya Citadel Rajawella Hotels Chaaya Blu John Keells Warehousing Wirawila Walk Inn (Land only) Yala Village Hotel Hakuraa Huraa Maldives Hotel Alidhoo Maldives Hotel Ellaidhoo Maldives Hotel Dhonveli Maldives Tea Small Holder Factories		

ENVIRONMENTAL IMPACT

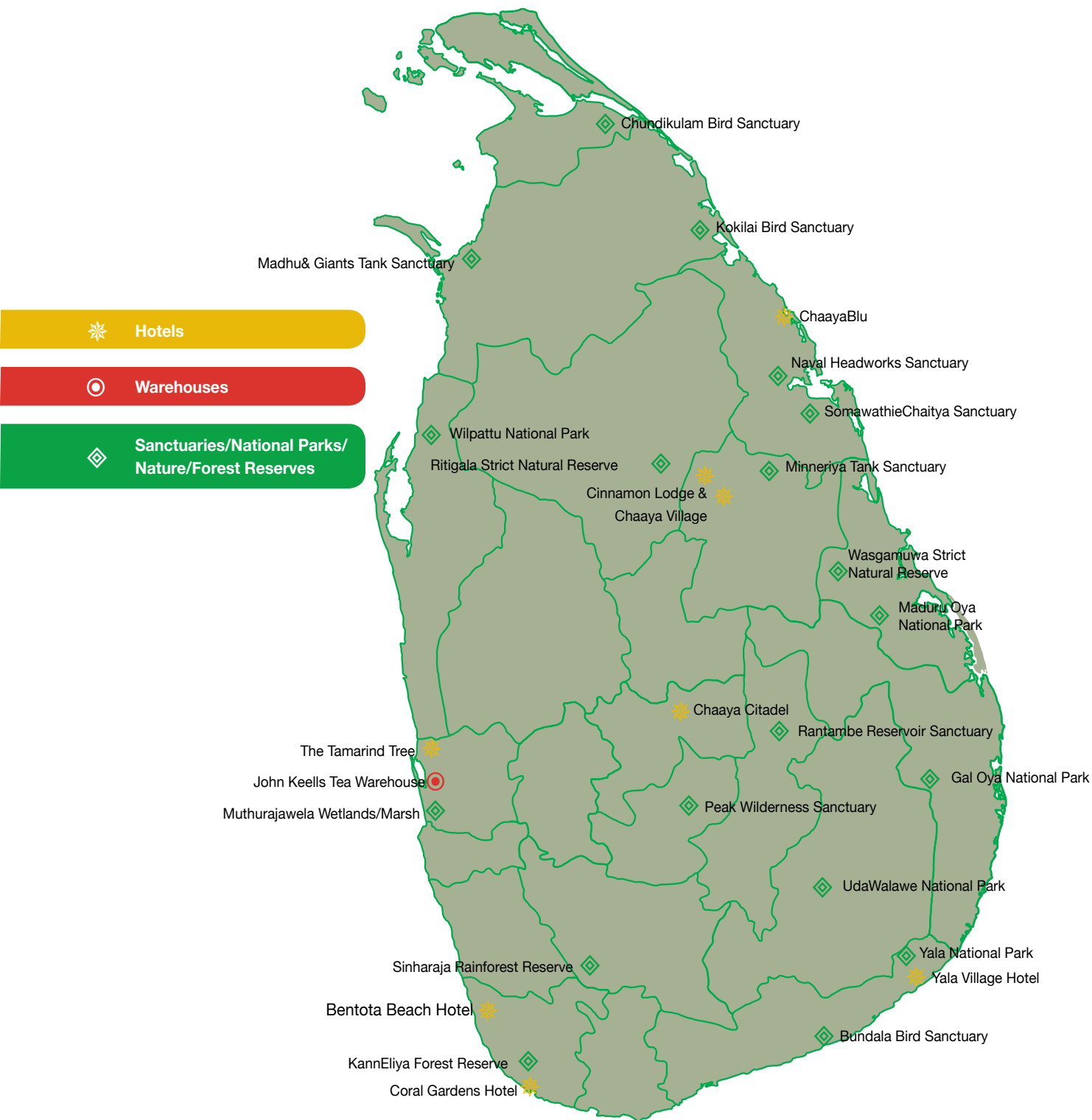
Company	Geographic Location	Subsurface / underground land utilised	Type of Operation	Size of Site in Acres	Size of Site in Km ²
John Keells Warehousing	Muthurajawela	Nil	Tea Warehouse	6.00	0.0243
John Keells Group Hotels					
Chaaya Village	Habarana	Nil	Hotel	9.34	0.0378
Cinnamon Lodge	Habarana	Nil	Hotel	25.47	0.1031
Chaaya Citadel	Kandy	Nil	Hotel	5.79	0.0234
Bentota Beach Hotel	Bentota	Nil	Hotel	11.02	0.0446
ChaayaBlu	Trincomalee	Nil	Hotel	28.24	0.1143
Coral Gardens Hotel	Hikkaduwa	Basement of 3600square meters	Hotel (under construction)	4.36	0.0176
Yala Village	Yala	Nil	Hotel	10.00	0.0405
Chaaya Lagoon HakuraaHuraa	Meemu Atoll Republic of Maldives	Nil	Hotel	13.42	0.0543
Chaaya Island Dhonveli	North Male Atoll Republic of Maldives	Nil	Hotel	36.96	0.1496
Chaaya Reef Ellaidhoo	North Ari Atoll Republic of Maldives	Nil	Hotel	13.75	0.0556

LOCATIONS IN THE MALDIVES



LOCATIONS IN SRI LANKA

The locations highlighted in the table before, and their proximity to Biodiversity Hotspots and protected areas are depicted below.



MORE THAN JUST A WORKPLACE



Our achievements are the sigma of our people's achievements and we believe that the future of the John Keells Group is closely linked to the future of our people.



At John Keells we believe that our employees are a critical factor in achieving superior results. Employees are one of the key pillars of strength upon which our endeavors and success rest. In this context we endeavour to foster a work environment that is equitable and participative. We also see our employees' personal progression in their journey with the Group as a vital component in achieving results and constitutes most often than not the edge we will have in the market place.

Our human resource policies, practices and guidelines together with human resource structures established in every business unit of the Group allow an approach to achieve our people vision "More than just a workplace". The integrated ERP system, SAP HR acts as a strategic tool in driving performance through people throughout the Group enabling prompt decision making with utmost transparency.

TALENT ACQUISITION

Talent attraction, motivation and retention are the prime focus at John Keells. To augment our talent acquisition we apply multiple branding strategies which concentrate on external and internal talent attraction, growth and retention. This year our head count has grown by 5% in comparison to the last reporting year (2009/2010).

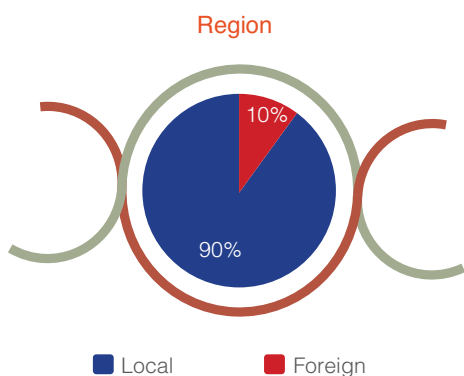
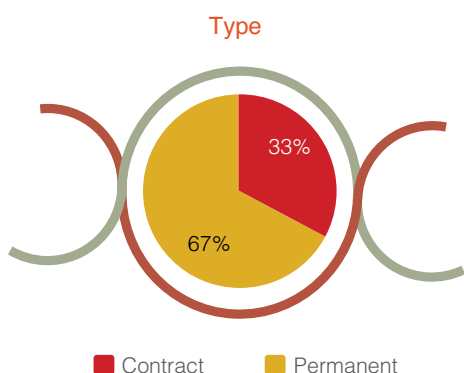
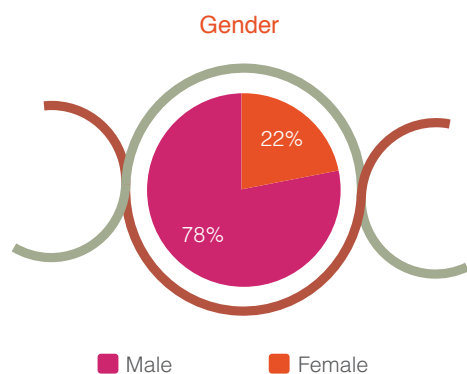
Trust and feeling of belonging are key to our employees who are an integral part of the fast growth phase we see for John Keells. To achieve this we have established transparent and proactive employee engagement programmes, given ample opportunities for career growth, and empowered employees for fast decision making, with accountability and measurement.

Sustainability Reporting	Employee number by category					
	AVP & Above	Mgr	AM	Exe	Non.Exe	Total Head Count
Consumer Food & Retail	15	62	99	231	2,622	3,029
Transport	10	26	26	172	135	369
Leisure	26	47	68	519	3,798	4,459
Information Technology	13	52	82	709	123	979
Other Centre Functions	21	21	23	43	19	127
Property	5	10	15	19	50	99
Plantations	7	22	7	41	926	1,003
Financial Services	19	196	176	366	364	1,121
TOTAL	116	436	496	2,100	8,037	11,186
	1.0%	3.9%	4.4%	18.8%	71.8%	

MORE THAN JUST A WORKPLACE



EMPLOYEE POPULATION BY



All employees of the Group are generally governed by a contract of employment. The Group has maintained the gender breakdown equivalent to that of last year. When considering the Group's composition of industries this reflects the industry and country norms. The Leisure and the Consumer Food & Retail groups due to the nature of their respective industries and businesses account for 33 per cent of the Group's contract employee base. Employee numbers set out in the chart comprise full time employees as per the relevant national legislation. 10 per cent of the total population is employed in overseas subsidiaries mainly from the Leisure and Information Technology sectors. However, this amount has reduced by 1 per cent due to the divestment of Cinnamon Island Alidhoo (Maldives)

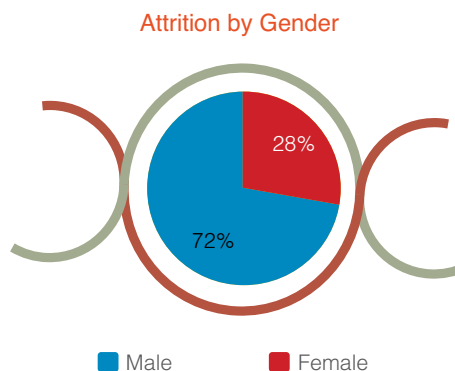
TOTAL WORK FORCE 11,186

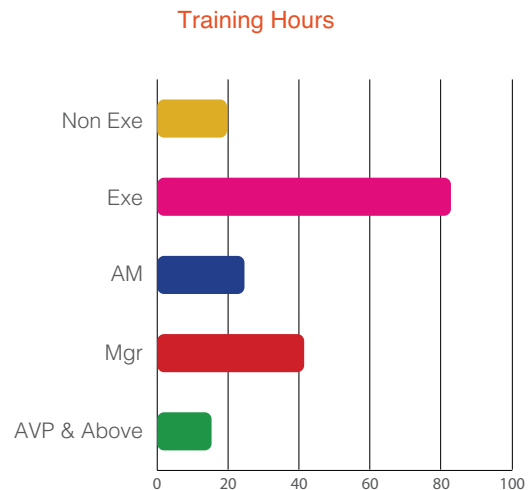
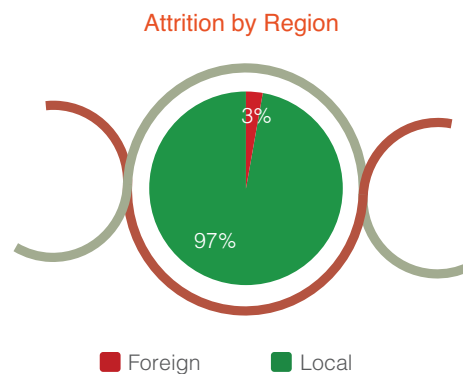
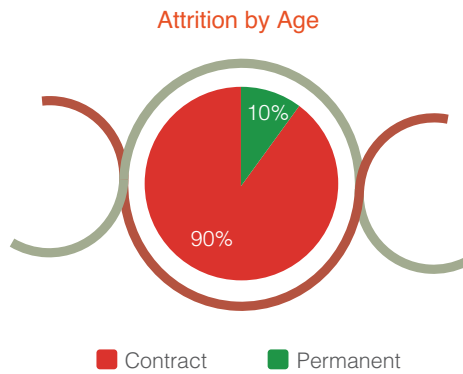
Employee Attrition Analysis

The attrition percentage has been reported taking into consideration employee type. The reason for such differentiation is based on the different strategies the Group uses to reduce or maintain the said attrition percentage as appropriate for such businesses.

The permanent employee attrition percentage is at 24 per cent of which 9 per cent is from the Business Process Outsourcing (BPO) arm of the Group located in India. It is to be noted that high attrition in this industry is a norm. Likewise 6 per cent is contributed from Tea Smallholder Factories PLC at the level of factory employees. This percentage is considerably low when compared with similar businesses. The Group's permanent employee attrition rate is a single digit - 8 per cent.

The model used in the Retail Sector is to offer employment to youth of the rural areas of the country and offer them training in the retail industry and deploy them to the market with the end objective of making these youth more employable. This model fits well with the global pattern of students and part timers doing retail specific jobs, where the business expects a high rate of attrition. These employees together with the Leisure Group employees constitute a majority of the contract staff and the high attrition percentage of 71 per cent is attributed to these two areas of business. These are planned and expected attrition in the operating models of these businesses. Business units of the Information and Technology sector have introduced performance based schemes to reduce employee attrition whilst the Retail sector has introduced monetary schemes in the first few months of employment as a means of assisting employees.





An age wise analysis of attrition has seen an improvement compared to last year in the age category 30-50. In the over 50 years age category, attrition has remained static. In the less than 30 years of age category attrition is seen in the sectors of Retail and BPO owing to the high number of employees within this age group who are part of their total employee population.

97 per cent of the Group's total attrition is from the local operations and attrition from the Foreign operations is 3 per cent of the total attrition. This is in proportion to the 90 per cent of the total Group staff employed locally.

LEARNING AND DEVELOPMENT

The John Keells Group continuously invests in improving employees' skill capacities to enable them to be ready for challenging opportunities and thereby strive for superior performance. The Group's employees have spent a total of 336,400 hours of training; this is a 32 per cent increase in comparison to last year's training hours. 30 hours on average has been spent by an employee on learning and development activities. These include business focus training, capability building, induction, development interventions carried out for employees to take up potential roles. More robust training hours capturing mechanisms will be introduced at non executive levels in the coming year to ensure all training done are captured accurately.

Stepping up from conventional instructor based training delivery methods, we brought in a combination of class room and E-learning platforms to the Group. A rigorous process of evaluation and customisation of E-Learning tools were carried out prior to implementation. We partnered with Harvard Business Publishing in India which is the corporate learning arm of the Harvard Business



School, a first in Sri Lanka to facilitate in these areas of training for the Group. Within a short span of 5 months evaluations, customisation and offering of 300 hours of training on-line was offered to group Manager level employees of the Group. The knowledge platform is built and designed in such detail that the participant could use the content and refer it to ensure day to day operational excellence over a period of time. This we believe is truly a continuous source of knowledge. For the coming years we have optimised plans of using this tool extensively to achieve a majority of our development offering to our employees. Planned programmes in the pipe-line are, the Manager Development Programme and the Leadership Development Programme (AVP/ VP) which will be delivering a total 1,100 on-line training hours in these categories.

In relation to capability development we hope to use the E-Learning platform to reach 1,000 executive and above level employees over a period of 12 months.

For middle management levels a customised programme will be offered taking into consideration the expected level of competency and the technical skills required. This would be an 80 hour programme per participant and will be a repetitive development item every year in the training calendar.

MORE THAN JUST A WORKPLACE

LEISURE GROUP LABOUR INITIATIVES

With Sri Lanka on the verge of transcending all other destinations to be THE most sought after tourism destination in the region, John Keells Hotels the largest hotelier in Sri Lanka has set the trend to ride the wave of the tourism boom and strived to create a new and exciting experience for the travellers who patronise John Keells Hotels.

John Keells Hotels embraced the “Future” by launching its new vision “We Will Always Be The Hospitality Trendsetter” and the five pledges for the Leisure Group in November 2010. The new vision and the pledges were introduced to the associates at a gala event, which also emphasised on the exciting future that lay ahead for the Group.

Living by the new vision of being the “Hospitality Trendsetter”, the John Keells Leisure Group embarked on a series of Human Resource interventions, where some of which were first of its kind in the Sri Lankan hospitality arena.

Human Resources development was identified as the key in meeting the demands of the global travellers and with this view, the John Keells Leisure Group tied up with the Emirates Academy of Hospitality Management (EAHM) of the Jumeirah Group, which has an academic association with Ecole hôtelière De Lausanne (EHL), Switzerland the oldest hotel school in the world.

The John Keells Leisure Group entered into a memorandum of understanding with EAHM for a three year period to develop the skills and competencies of the associates and to standardise selected processes to be aligned towards the new vision.

As the first phase the company selected 278 associates across all levels and sent them on a “Mind Opener” programme to Dubai at the Emirates Academy of Hospitality Management, where they were taken through a combination of classroom training on their area of specialisation, plus a study tour/exposure in the some of the top class hotels in Dubai such as Burj Al-Arab, Atlantis and Hyatt Regency etc.

Specific programmes such as Butler Service, Wine & Spirits Appreciation and Sales & Reservations were also conducted in Sri Lanka and Maldives by a panel of lecturers from EAHM to selected executives and associates.

A team of professionals from EAHM under took a comprehensive study on the current “Standard Operating Procedures (SOP’s)” practiced in the JKH hotels and re-defined some of the SOP’s to be aligned towards the new vision and the pledges, and lesson plans were developed accordingly.

A four day workshop was held for the Master Trainers of the Leisure hotels by EAHM in order to develop their train-the-trainer skills to develop departmental trainers (TAD). They were trained on designing & delivering effective and interactive training sessions to groups of people, adult learning techniques, linking the training to organisation’s goals, measuring the effectiveness of training, etc.

Further a group of TAD trainers comprising of executive as well as associate level staff were identified from each business unit through a rigorous evaluation process based on their competencies and ability to train people, and they will be trained by the Master Trainers to take leadership roles in rolling out the SOP’s as per the lesson plans to all associates and thereby delivering the brand promises.



A new competency framework was developed to support the new vision and pledges of the Leisure group which will sit along with the John Keells Group Competency framework. Currently the John Keells Group competencies are aimed at the executives and above level, and the Leisure group has taken a step further by developing competencies even to the associate levels and are intending to roll out the new competencies within the next financial year.

As part of the ongoing human resources initiatives in the Leisure group, a three year plan has been formulated in line with “Building People, Systems, Processes and capabilities”, which will be rolled out in the next three years.

The Leisure group is planning to conduct employee surveys on an annual basis, with the view of making the John Keells Leisure Group the most preferred employer.

The 360 degree feedback process was introduced to Manager and Assistant Manager levels this year. This was originally done for the Assistant Vice Presidents and above level in the John Keells Group.

The merits of the Learning Management and Talent Management Modules in the SAP system will be reviewed and incorporated to the current system.

The access to Information Technology was identified as a key element in the “future” journey and the Leisure group has taken a major stride in developing the IT skills of all the associates. As a first phase the group has launched the Leisure Portal, where Kiosks were made available in each business unit to enable the associates to view group news, share ideas & information and update their knowledge on the current affairs, with free access to internet.

Further the company is intending to bring in the e-learning platform into the portal, where the e-learning materials and online programmes will be made available for the associates for flexible learning.

We consider receiving constant feedback from our employees a vital process in realising our people vision, “More than just a work place”. This year we conducted a Group-wide employee survey for executive and above staff of the entire Group and for non executive employees in certain businesses where the head count is high in January 2010. The response rate received was at a remarkable 90% and this in

itself gave credence to the effectiveness of employee engagement strategies used within the group.

“The Great Place to Work – Trust Index” was the tool used keeping in mind the global benchmarks it provided and the fact that the same survey tool was used in the group in 2003 and 2005. This intervention involved a survey based on a question and answer methodology and focus group discussions, which were conducted by the survey provider, Great Place to Work Institute – India. Based on the results, currently action planning is underway to build on the strengths and take appropriate steps to address concerns and these plans will be implemented during the year 2011/2012.



COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Employees covered by collective bargaining	
Total number of Employees	11,186
Consumer Food and Retail	1,466
Leisure	115
Plantation Services	912
	22.20%

Formal and informal types of collective bargaining are prevalent in the Group. Formal collective agreements are found only in the Consumer Foods sector and John Keells PLC of the Plantation Services sector. The Tea Small Holder Factories in the Plantation Services Sector is not a signatory of a collective agreement but the company follows the same structure governing the plantation industry of Sri Lanka with regards to terms and conditions of employment. “Joint Consultancy Committees”, “Welfare Committees”, “Business Improvement Committees”, and “Junior Operating Committees” namely are forums which are prevalent within these businesses. These forums ensure enhanced communication, encourage improvements to systems practices at all levels and is a constant enabler of employee engagement.

The Group has, over the years, implemented many enablers to encourage employee engagement within the group. Young forums are held with the Chairman and the Executive Directors



and the youngest at every level from Executive level upwards every 2 months. Similar Young Forums at a Sector level with the President and Executive Vice Presidents, “JK Connect” which is an E-communication channel, open door policy and skip level meetings are also a few other strategies adopted within the Group.

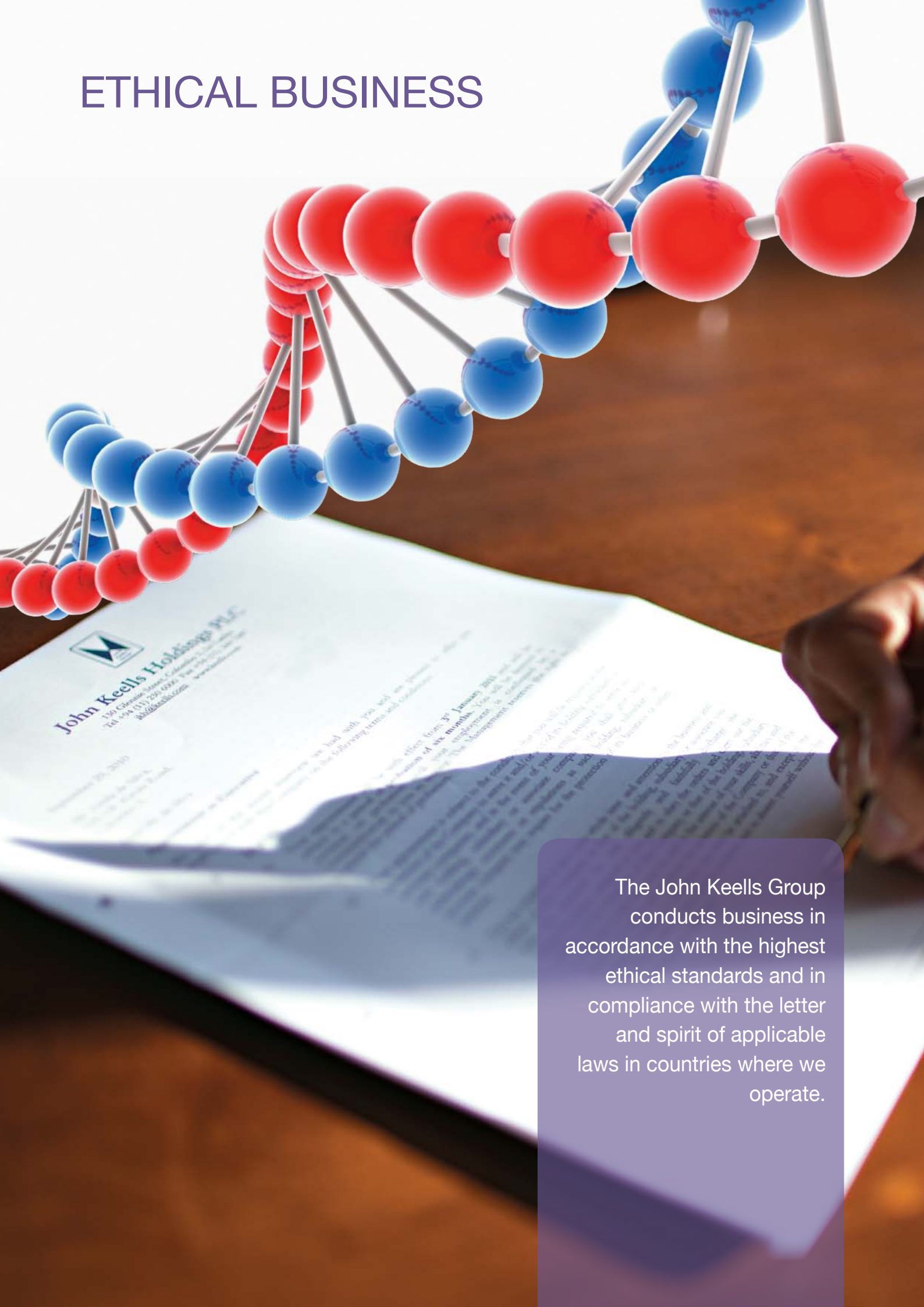
Our policy on freedom of association and collective bargaining allows formal and informal types of collective bargaining within the Group.

We strongly believe in the concept of all supervisors “socialising” performance management and interacting with their colleagues and direct reports with regards to performance, grievance resolution, and motivation and building relationships. Towards enabling this interaction we have institutionalised certain frameworks, encouraging informality at all times. Whilst employees do receive constant feedback during the year, formal feedback will be given at two intervals in the year at midyear and at the year end appraisal. The imperatives to be addressed in these sessions will be performance; behavioral competencies, career aspirations and development needs. All of our employees are governed by this process.

At certain non executive levels, where they are governed by a collective agreement, a formal process of performance appraisal will not take place. However depending on their role efficiency, productivity related feedback will be given. Mentoring of our employees happen as a part of the performance management system and a person from the highest leadership levels mentor employees to enhance their effectiveness, preparing them for roles at John Keells and making them ready for future roles.

Our achievements are the sigma of our people's achievements and we believe that the future of the John Keells Group is closely linked to the future of our people.

ETHICAL BUSINESS




John Keells Holdings PLC
150, Clement Street, Colombo 03, Sri Lanka
Tel: +94 (0)11 256 0300 Fax: +94 (0)11 256 0301
www.jkeells.com

September 29, 2010
Mr. Gnanasekaran
150, Clement Street,
Colombo 03, Sri Lanka

Dear Sir,
Reference is made to the letter dated 29th September 2010 from your office regarding the proposed change in the name of the company from John Keells Holdings PLC to John Keells Holdings (Private) Limited.

The company has been advised that the proposed change in the name of the company is not in accordance with the provisions of the Companies Act, No. 7 of 2007.

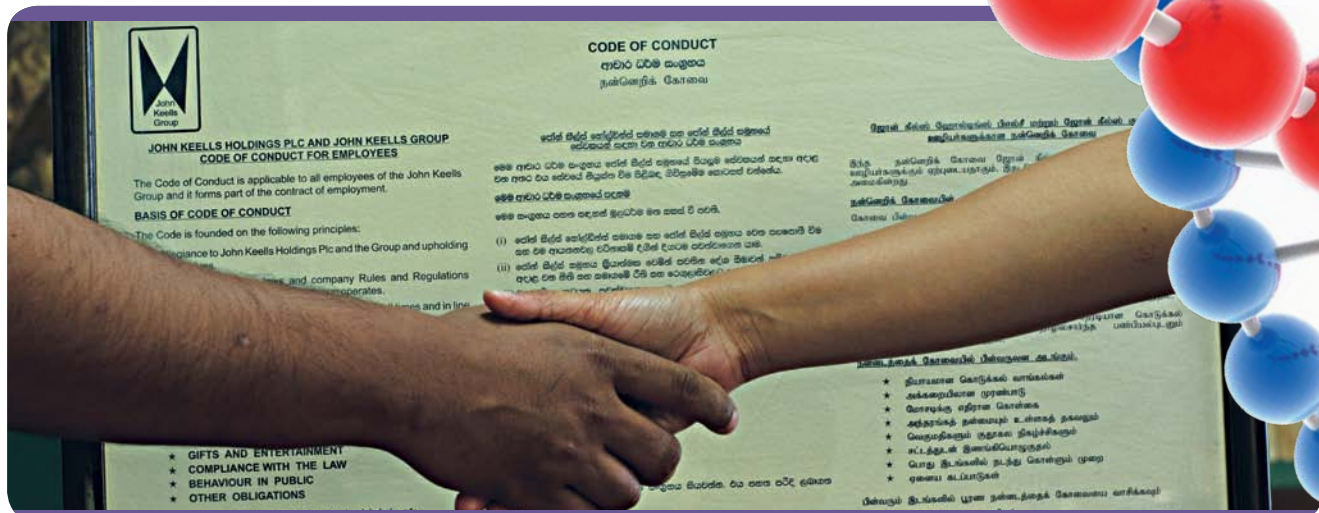
The company is requested to advise the company of the reasons for the proposed change in the name of the company.

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The John Keells Group conducts business in accordance with the highest ethical standards and in compliance with the letter and spirit of applicable laws in countries where we operate.



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 18 (eighteen) years at the workplace.

A strong commitment to upholding the universal human rights of all individuals has been inherent in the John Keells Group throughout its existence. We have imbued the values of “doing the right things, always”, “fostering a great place to work” and “building strong relationships based on openness and trust” by ensuring that through our actions we demonstrate our commitment and respect for all our stakeholders. This commitment has translated into the management systems and processes which govern our businesses.

CHILD LABOUR

The John Keells Group’s standard on the minimum age for admission to employment is more stringent than the applicable statutory definitions as well as the ILO conventions.

The Human Rights Task Force worked on consolidating the process of institutionalising the John Keells Group policy on child labour by assisting the Group’s business units in identifying the respective goals and targets and advising respective sector representatives on potential issues, whilst continuing to monitor progress through systematic reporting processes verified through a quarterly compliance checklist.

The above processes confirmed that the risk of child labour is very remote at the John Keells Group. Companies within the Group already have in place best practices relating to observing and verifying the minimum age of employment and no case of non-conformity has been detected so far. The processes relating to recruitment and selection require verification of age with reference to the original birth certificate and National Identity Card of the employee and, in certain cases, school leaving certificate as well as maintaining copies of same in the personal file. In addition, in the Consumer Foods Sector, where outsourced labour is engaged in certain instances such as to meet seasonal requirements or cover absenteeism of company staff,

multiple controls are in place to ensure strict compliance by labour suppliers. So far, no case of non-conformity has been detected.

Meanwhile, steps were taken during the year under review to address the issue of employment of young workers by a few companies of the group as disclosed in the 2009/10 Report. Accordingly, in keeping with the Group policy on child labour:

- *Jaykay Marketing Services (Private) Limited (JMSL)*, the operator of the Keells supermarket chain, which stopped recruiting any new staff below the age of 18 from 1st May 2009, had only 15 trainees who were below 18 years of age as at 31st March 2010, and by October 2010, all 15 of them were 18 years or more. Whilst HR departments have been conducting audits to ensure adherence to this policy of non recruitment, strict instructions were given to Outlet Managers to adhere to requirements pertaining to the employment of young workers as per applicable law, until such time as the said trainees turned 18.
- It has been verified that the Leisure group also does not employ any person below the age of 18 years. The trainees who are engaged by some of the resorts managed by John Keells in the Maldives who are below the age of 18 and attached to the John Keells School of Hospitality in the Maldives fall within the scope of interns with the duration of such internship lasting no more than a maximum of three months.

During the year under review, the following issue was also noted:

- *Tea Smallholder Factories PLC*, in one of its operational units, employed five young workers in the age category 16 to 18 years during the season on casual basis, necessitated by the extreme shortage of workers. These workers were employed subject to the policy guidelines given by the Employers’ Federation of Ceylon on employment of persons in the said age

category. Three of the five employees will reach the age of 18 years during the course of 2011 and the other two in January 2012.

FORCED OR COMPULSORY LABOUR

Policy on forced or compulsory labour

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

During the year under review, the Human Rights task force also worked on consolidating the process of institutionalising the John Keells Group policy on forced or compulsory labour by assisting the Group's business units in identifying the respective goals and targets and advising respective Sector representatives on potential issues. The task force also developed a checklist to guide the Group's business units in responding to the questionnaire on forced or compulsory labour (adapted from the ILO's handbook for Employers & Business), whilst continuing to monitor progress through systematic reporting processes verified through a quarterly compliance checklist.

The processes confirmed that the risk of forced or compulsory labour is insignificant at the John Keells Group and its subsidiary companies. So far, no case of non-conformity has been detected in companies within the Group except the following.

Working hours of female employees of JMSL attached to supermarkets can extend upto 11 p.m. (which is beyond the statutory limit of 10 p.m.) consonant with an industry practice prevalent in Sri Lanka. The supermarket retailing industry has raised this issue via

the Employers' Federation of Ceylon (EFC) as an industry practice which requires an amendment to the Shop and Office Employees Act. EFC has in turn been lobbying this issue with the Ministry of Labour and Labour Relations over time. A written representation has been made in regard to the need to the Minister by the EFC stating that reforms are imperative for the country to compete in the international markets and remain competitive and that the existing restriction under the Shop and Office Employees Act is counterproductive, especially where females constitute a substantial portion of the majority in the service sector. A decision in this regard is pending at date of this report.

As regards to training, especially where the training cost is significant, companies within the Group also ensure that employees are required to understand and agree that they will work an adequate duration which would not exceed the value of the training.

Employees who work beyond normal hours are compensated by means of overtime or variable pay payments as appropriate and are also supported with meals and transport facilities in compliance with applicable laws and industry best practices.

NON-DISCRIMINATION

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; and has put in processes and systems that ensure the same.

In keeping with its policy on equal opportunities for all, the Group is committed to maintaining workplaces that are free from physical or verbal harassment or discrimination on the basis of race, religion, gender, age, nationality, social origin, disability, political affiliation or opinion. John Keells Holdings PLC is a member of the Employer Network on Disability of the Employers' Federation of Ceylon and as such, promotes the employment of differently abled persons within the Group. The Group also has a comprehensive process in place regarding the prevention of sexual harassment. During the year under review, the Group's policy on Ombudsperson was revised to provide employees the choice of referring a matter relating to sexual harassment either to the Ombudsperson or to the internal committee appointed for the purpose in the first instance.



Meanwhile, the Group policy on equal opportunity was also in operation via continued use of related texts in corporate advertisements as well as forms used in the recruitment process which draw attention to the relevant Group policies. During the year under review, the Group also adopted and disseminated a guideline on recruitment of differently-abled individuals.

ANTI-CORRUPTION

Management approach and guidelines for corruption

The John Keells Group conducts business in accordance with the highest ethical standards and in compliance with the letter and spirit of applicable laws in countries where we operate.

Anti-corruption Policy

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

The Group upholds the distinction of being identified by its peers as Sri Lanka's most respected entity for the fifth consecutive year, in the annual nationwide survey, conducted by 'Lanka Monthly Digest' (LMD).

The Group has also defined a three-pronged approach which further mandates the policy through a transparent control and prevention mechanism:

1. Educate

The John Keells Code of Conduct for executives encompasses rules regarding bribery and corruption and is circulated to all executives at the time of their induction. Each employee signs off on his/her Letter of Appointment which refers to compliance at all times with the rules, regulations, policies and procedures that shall be in force. Code of Conduct and the JK value statement is available on the JK portal and it is flashed on the home page of the employee portal every Monday as a reminder. Compliance with this code forms part of the John Keells values and furthermore, each employee is assessed bi-annually on whether he/she embraces these values. This is an integral part of the employees Performance Appraisal and evaluation which is considered for their Compensation and Benefits as well as career development. Non conformity to the code of conduct would lead to disciplinary action and could even involve dismissal.

2. Enforce

- The group expects and encourages employees to bring to attention any breach of the code and it is guaranteed that no employee would suffer as a consequence of reporting such a breach.
- A multi-channel formal process of communication has been established. This includes chairman direct, BU specific grievance handling process, Ombudsmen service and a sexual harassment committee.

- All companies and functions have a process to prevent / reduce the risk of corruption e.g. procurement process, authority levels as per the group operating model (February 2005), reporting requirements etc.
- All business units carry out a risk evaluation matrix for their business in the form of a risk matrix.

Corruption is included as a specific section in the risk grid

3. Evaluate

The above stated policies and their implementation and review, are taken up formally on a regular basis at sector committee meetings or group management committee meetings as relevant. In addition independent internal audit reviews are undertaken to ensure compliance with the processes. The findings of these committees are documented for analysis.

When considering the current reporting boundaries of 73 companies, it is evident that these companies are analysed for risk resulting from the conduct of employees and further subjected to independent audit reviews. Therefore, the group is **100% compliant** when considering the percentage of business units analysed for risk related corruption.

Through our transparent and fair practices in all our dealings we have been able to establish mutually beneficial relations with our suppliers, customers and business partners. Through our communication and practices we strive to encourage our partners to adhere to business principles.

HEALTH AND SAFETY



Numerous awareness programs were conducted ensuring that employees adhere to adopted safe practices at the workplace, thereby making the John Keells Group a safe place to work.



POLICY ON HEALTH AND SAFETY

Through practices which are on par with international standards, we strive to provide a feeling of safety to our employees, customers and visitors who are involved in any business or transaction with the John Keells Group.

From an Occupational Health and Safety (OHS) perspective, the John Keells Group in its quest to be a 'sustainable' organisation, began the initiative to be a more OHS friendly organisation by dividing the group companies under seven major categories:

- Transportation
- Office / IT
- Property / Construction
- Warehousing
- Hotels
- Retail
- Factory

Now into the third year, the Group is maturing in the process of being 'sustainable' and drastic improvements were witnessed throughout all business units towards monitoring and eliminating hazards in the working environment. Numerous awareness programmes were conducted ensuring that employees adhere to adopted safe practices at the workplace, thereby making the John Keells Group a safe place to work.

This was also evident in the recently concluded employee survey conducted for the entire John Keells Group by 'Great Place To Work' where the Group was considered a 'Safe Place to Work' by a majority of the work force. The overall safety of the work place and the procedures and practices in place to this regard, received one of the highest ratings by the staff during this survey.

This year, goals and targets in respect to Occupational Health & Safety were set at the beginning of the financial year by all business units and in order to ensure that all sustainability initiatives flowed through the entire group, sector representatives were appointed to be in charge of each of their respective sectors with regard to all pillars of sustainability including Occupational Health & Safety.

In addition to the programmes conducted by the respective business units, the Group Occupational Health & Safety Task Force, keeping in mind its objective of obtaining the OHSAS certification for all Group companies other than those operating in an office and IT environment, organised a training programme for the sector and business unit representatives on how to carry out a gap analysis to determine the current position and arrive at the improvements required to obtain the OHSAS certification. This programme was conducted by a lead auditor of one of the leading OHSAS certification audit firms in the country.

The following group companies possess the OHSAS certification:

- Cinnamon Grand Colombo
- Chaaya Village Habarana
- Chaaya Citadel Kandy
- Bentota Beach Hotel
- Chaaya Lagoon Hakuraa Huraa (Maldives)
- Chaaya Island Dhonveli (Maldives)
- Chaaya Reef Ellaidhoo (Maldives)
- John Keells Logistics (Pvt.) Limited

Currently group companies are in the process of formulating sub policies at sector / business unit level keeping in line with the John Keells Group policy document.

All group companies reported on information pertaining to the last financial year ending 31st March 2011 with regard to Occupational Health & Safety.

Outsourced employees have not been included in this assessment. However, the organisation will be including outsourced employees engaged in operations within its group companies, in assessments to be conducted in the future.

HEALTH AND SAFETY

During the period of assessment, one occupational fatality was recorded in the John Keells Group from Union Assurance Limited as a result of a road side accident. No occupational diseases were recorded from any of the group companies.

Injury Rate is defined under the GRI guidelines as the frequency of injuries relative to the total time worked by the total workforce in the reporting period. During the period, a total of 180 staff were affected by occupational injuries of which 5 staff were based in the Republic of Maldives.

	2009/10	2010/11
No. of Staff affected by Occupational Injuries	238	180
Total Number of Man days in the period	3,896,375	4,082,890

Lost Day Rate is defined under the GRI guidelines as the impact of occupational accidents and diseases as reflected in time off work by the affected workers. The calculation 'Lost days' commence from the day after the injury takes place and such calculation entails calendar days. To this extent, minor occupational injuries/diseases that occur causing an employee to be unable to report to work for less than one day have been excluded.

The Total Man Days Lost for the group for the reporting period was 2,403 of which 244 were from the group companies based in Maldives.



The table below depicts the percentage of the Man Days Lost in respect of the Total Man days in the period.

	2009/10	2010/11
Total Man Days Lost (TMDL)	1,023.5	2,403.0
Total number of Man days in the period	3,896,375	4,082,890
TMDL as a % of Total Man days in the period	0.0263%	0.0588%

An Absentee is defined as an employee absent from work because of incapacity of any kind, not just as the result of work-related injury or disease.

In other words an absentee day would constitute a day lost by a worker due to occupational causes and non occupational causes as well.

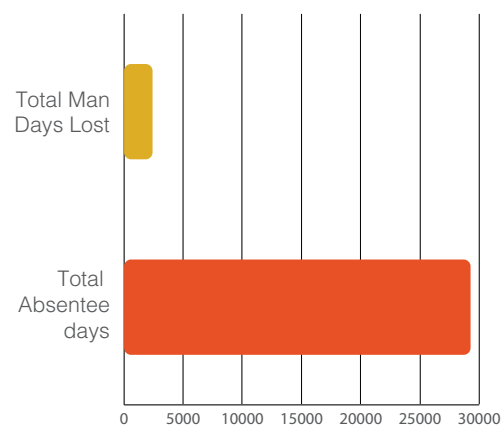
Absentee Rate refers to a measure of actual absentee days lost as defined above, expressed as a percentage of total days scheduled to be worked by the workforce for the same period. Here the group took these days as the total number of days in the period for purpose of calculation.

The table below depicts the percentage of the Absentee Days in respect of the Total Man days in the period.

	2009/10	2010/11
Total Absentee Days (TAD)	22,259.0	29,267.5
Total number of Man days in the period	3,896,375	4,082,890
TAD as a % of Total Man days in the period	0.5713%	0.7168%

The graph below depicts the contribution of the Total Man Days Lost due to Occupational Injuries and Diseases to the Total Absentee Days of staff in the group.

Man Days Lost vs Absentee Days



Throughout the course of the last financial year, the dengue epidemic struck Sri Lanka on two occasions and Colombo was one of the worst affected districts in both instances. This contributed to the marked increase in absentee days over the past year. Further, incessant and heavy rainfall also accounted for severe flooding in one instance throughout the island. With many households being affected and roads made impassable, the absentee days in most of the group companies heightened as against the last financial year.

During the year in concern most of the group companies conducted awareness programmes relating to HIV / AIDS for their employees and some even for the community.

The John Keells Hotels Group continuing with the HIV/AIDS workplace policy which was inaugurated on the 1st of December 2009, conducted various activities to educate the employees and community at large. The Cinnamon Lodge team during the past year covered over 9,000 personnel through the HIV/AIDS programs carried out.

One of the highlights this year was that two sessions were conducted at the L.T.T.E rehabilitation centre in Welikanda covering nearly 1,500 personnel.

Tea Small Holder Factories PLC during the period in concern covered around 1,400 personnel through various programs carried out by the individual factories. The Broadlands tea factory and the Kurupanawa tea factory conducted an eye and health clinic for approximately 800 personnel and the Hingalgoda tea factory conducted a medical camp for around 450 personnel.

A significant aspect in both scenarios was that a large number of staff also volunteered and assisted in carrying out the programs to those in the community.

None of the group companies / sectors reported workers involved in activities that would expose them to a high risk of specific diseases. Further to this, it is the group mandate that precautionary measures be implemented in any such areas identified as high risk.

As mentioned previously, the Group is currently in the process of formulating the second level OHS policies. The final goal is for all group companies (other than the IT/office industry groups) to obtain the OHSAS certification by the end of the up coming financial year. In this regard the John Keells Group will be exploring the option of obtaining third party expertise to assist in the implementation of the OHSAS certification in the various companies. Drawing internal personnel in companies already OHSAS certified, to assist companies still to obtain the certification will also be an avenue that will draw focus.

Further, the importance of conducting basic OHS awareness and prevention programs for staff, their families and the surrounding community where possible will also be communicated to all companies and they will be encouraged to conduct same and continue the positive trend seen in this regard within all the group companies.



OUR CONTRIBUTION



The John Keells Group's aim is to foster great relationships with communities and manage responsibly the impact of its operations on the community and environment.



POLICY ON SOCIAL RESPONSIBILITY

The John Keells Group believes in wider societal needs than our own and meaningfully enriching the lives of communities of which we are an integral part. We abide by the values of 'doing the right things, always' by ensuring that through our actions we demonstrate our commitment and respect for all our stakeholders, including the communities and the environment in which our businesses operate.

PRACTICES THAT ASSESS & MANAGE THE IMPACTS OF OPERATIONS ON COMMUNITIES

The John Keells Group works to maximise the positive impacts of our businesses on society. We also aim to be good neighbours in the communities we operate in. This is more than running our operations cleanly and safely. It means working with local people to address their concerns and help them benefit from our operations.

The John Keells Group's aim is to foster great relationships with communities and manage the impact of its operations on the community and environment responsibly.

The community policy accentuates our respect for the rights and interests of the people among whom we live and work. It articulates

our commitment to understand and assess the impacts on the communities affected by our operations, our determination to respect their interests and our aspiration to ensure they derive meaningful benefits from our operations.

To be comprehensive, we assess the impacts when a business enters, operates or exits a community. An integral part of this process is a mandatory questionnaire that has to be completed and signed off by each business head. This questionnaire which was introduced to all group companies this year is designed to capture the impacts that result from conducting business in the community. This is used to measure and identify high risk areas. Our next step will be to ensure that measures are then taken to manage and mitigate the negative impacts.

Community impact assessments stages:

Community impact assessments stages:	
Research	Understand where we have come from, where we are presently and what the future environment would look like
Engage	Understand the commercial aspects and stakeholder perspectives of our community impacts
Evaluate	Analyse the research and evaluate the strengths, opportunities, weaknesses and threats
Plan	Develop a framework for planning and managing these threats and opportunities.
Action	Deploy the framework and asses its outcome

OUR CONTRIBUTION

The identification and management of community impacts poses both challenges and opportunities and is key to successful risk assessment, decision-making, project development and promotion of social well-being.

The above stated policies and their implementation and review will be taken up on a formal basis. It will be made mandatory for group companies to carry out this assessment when entering and exiting from an area. In addition a review of the impacts by the operations by each of the group companies will be conducted annually and where applicable action plans to manage impacts will be formulated at Sector committee or group management committee meetings.

When identifying impacts of operations on communities we undertake a rigorous approach which captures:

Earnings:

The impact on the earning potential of businesses in the community both supporting and competing.

Some potential changes that seem positive in the outset may also have negative effects. For example, wage increases may improve purchasing power, trade in consumer goods and entrepreneurial opportunities, however, it may exacerbate inequalities and facilitate health-threatening behaviours such as drug and alcohol abuse.

Employment:

The impact on the employments rate in the community including the number of community members employed by our organisation.

New projects can often move workers into an area or attract people looking for employment. Opportunities include employment and income creation, local sourcing of goods and services.

Environment:

The impact on the environment including hazardous materials, emissions, discharges and waste disposal.

Health and safety:

The impact on community health and safety including injury and disease.

An influx of newcomers seeking opportunities can introduce health risks, such as the exposure of the local population to transmittable diseases. Environmental impacts such as dust and noise may cause health problems and require programmes and actions to mitigate impacts. An influx of outsiders to local communities may also create social conflict and rivalry.

Infrastructure:

The impact on community infrastructure both positive and negative.

The development of a project can bring new infrastructure and services to an area such as roads and health services. However, a sudden increase in population may mean that the demands for infrastructure and services such as education, health, sanitation, transportation, power and housing may exceed the available supply.

Other impacts:

Impact from/ on involuntary resettlement, physical displacement, local culture, gender, indigenous people, and cultural heritage.

It is important to consider groups who may be affected differently by a project as a result of characteristics that make them vulnerable, traditionally excluded from opportunities or most at risk from adverse

effects. These groups may include Indigenous Peoples, women, children, elders, etc.

Throughout its existence, a strong commitment to society and the environment has been inherent in the John Keells Group. We have imbued the value of “doing the right things, always” by ensuring that through our actions we demonstrate our commitment and respect for all our stakeholders including the communities and the environment in which our businesses operate. This commitment has translated into our community investment programmes and sponsorships, our staff engagement with the wider community through voluntary service as well as our ongoing dialogue with our stakeholders to better understand their needs.

JOHN KEELLS AND THE COMMUNITY

Policy on social responsibility

The John Keells Group believes in wider societal needs than our own and meaningfully enriching the lives of communities of which we are an integral part. We abide by the values of ‘doing the right things, always’ by ensuring that through our actions we demonstrate our commitment and respect for all our stakeholders, including the communities and the environment in which our businesses operate.

At John Keells, Corporate Social Responsibility (CSR) represents how our values, corporate culture, and operations intrinsically involve and reflect social, economic and environment concerns. Our focus is on six key areas – namely, Education, Health, Environment, Community and Livelihood Development, Arts and Culture and Disaster Relief, with each area being aligned to the Millenium Development Goals (MDGs) as well as the United Nations Global Compact (UNGC) of which JKH PLC is a pioneer participant. Our goal in each of these areas is set out below:



John Keells Foundation² ("Foundation") – a company duly incorporated under the law and also registered as a "Voluntary Social Service Organisation" with the Ministry of Social Welfare – continued to drive the Group's social responsibility initiatives from the Centre while individual companies of the Group also engaged in community service activities which complement their respective businesses as well as the broad focus areas of the Foundation.

Social responsibility has the highest commitment of the senior leadership and management of the John Keells Group, with Chairman, John Keells Group, and the other executive directors of John Keells Holdings PLC (JKH) comprising the Executive Committee of the Foundation. While the Foundation has a Management Committee (MC), the Foundation's initiatives and activities continue to be handled

by the Manager of the Foundation under the guidance and direction of JKH's Head of CSR and with the support of a cross-functional team of 18 senior executives drawn from various industry groups within the company. Each project is championed by a member of the MC and implemented by a project sub-committee comprising volunteers from across the Group. The MC meets monthly, the Foundation's activities are reported to the Executive Committee on a quarterly basis and its accounts and operations are audited annually.



OUR CONTRIBUTION

Project	Entering	Operating	Exiting
English Language Scholarship Programme (English for Teens)	√	√	√
“The Final Step” - University Soft Skills Programme (University of Sri Jayawardenepura)	√	√	√
Neighbourhood Schools Development	(Ongoing)	√	(Ongoing)
John Keells HIV & AIDS Awareness Campaign (Awareness Sessions)	√	√	√
John Keells Vision Project	√	√	√
Rumassala Nature Field Centre	(Ongoing)	√	(Ongoing)
Butterfly Garden at Cinnamon Lodge, Habarana	(Ongoing)	√	(Ongoing)
Project Leopard	√	√	(Ongoing)
John Keells Tree Planting Campaign	√	√	√
Village Adoption Project - Halmillawe (project completion - March 2010)	(Ongoing)	(Ongoing)	√
Village Adoption Project - Mangalagama (commencing April 2010)	√	√	(Ongoing)
BPO project at Mahavilachchiya	(Ongoing)	√	(Ongoing)
BPO project at Seenigama	√	√	(Ongoing)
JKH Sustainable Sourcing Initiative	(Ongoing)	√	(Ongoing)
Slave Island Railway Station	(Ongoing)	√	(Ongoing)
Kala Pola 2011	√	√	√
Disaster Relief (Flood Relief 2011)	√	√	√

In addition to the initiatives detailed below, companies of the John Keells Group including the Foundation have supported numerous other community service projects through donations of cash and kind.

JKF PROJECT ALIGNMENT TO THE MILLENNIUM DEVELOPMENT GOALS AND UNITED NATIONS GLOBAL COMPACT PRINCIPLES

JKF Projects	Millennium Development Goals	United Nations Global Compact
Village Adoption Project – Mangalagama	Goal 1 Eradicate extreme poverty and hunger	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights
Mahavilachchiya BPO Project		
Seenigama BPO Project		
English Language Scholarship Programme	Goal 2 Achieve universal primary education	Principle 2: Make sure that they are not complicit in human rights abuses
Neighbourhood Schools Development Project		
Employment of differently abled persons	Goal 3 Promote gender equality and empower women	Principle 6: The elimination of employment discrimination
Vision Project	Goal 6 Combat HIV/AIDS, malaria, and other diseases	
HIV/AIDS Awareness Campaign		

JKF Projects	Millennium Development Goals	United Nations Global Compact
Nature Field Centre at Rumassala, Galle	Goal 7 Ensure environmental sustainability	Principle 8: Undertake initiatives to promote greater environmental responsibility
Paper Conservation / Recycling Project		
John Keells Tree Planting Campaign		
Keells Super Red Bag Initiative		
Project Leopard		
Butterfly Garden at Cinnamon Lodge, Habarana		
Compost Bag project at Cinnamon Lodge, Habarana		
University Soft Skills Programme	Goal 8 Develop a global partnership for development.	
Transport & Logistics Management Degree Programme [BSc (T&LM) Hons] at the University of Moratuwa		
Kala Pola		

DEVELOPMENT AND IMPACT OF INFRASTRUCTURE INVESTMENTS AND SERVICES PROVIDED BY JOHN KEELLS FOUNDATION PRIMARILY FOR PUBLIC BENEFIT THROUGH COMMERCIAL, IN-KIND, OR PRO BONO ENGAGEMENT

Project	Infrastructure Investment			Service		
	Commercial	In-kind	Pro bono	Commercial	In-kind	Pro bono
English Language Scholarship Programme						√
"The Final Step" - University Soft Skills Programme						√
Neighbourhood Schools Development				√		√
John Keells HIV & AIDS Awareness Campaign					√	√
John Keells Vision Project					√	√
Rumassala Nature Field Centre					√	√
Butterfly Garden at Cinnamon Lodge, Habarana						√
Project Leopard			√	√		√
John Keells Tree Planting Campaign		√	√		√	
Village Adoption Project - Halmillawe (five-year project commencing 2005)			√		√	√
Village Adoption Project - Mangalagama (commencing 2010)	√	√	√	√		√
BPO project at Mahavilachchiya	√	√	√	√	√	√
BPO project at Seenigama	√	√	√	√	√	√
KH Sustainable Sourcing Initiative				√	√	√
Slave Island Railway Station		√		√		√
Kala Pola		√				√
Disaster Relief					√	√

The above projects were undertaken based on a needs assessment arising from stakeholder engagement which would be continued for all ongoing projects.

OUR CONTRIBUTION



EDUCATION

The John Keells Group firmly believes that education is the foundation stone of an enlightened and civilised society. As such, education-related initiatives take high priority on its agenda of corporate responsibility.

As proposed in the Sustainability Report 2009/10, the Foundation in 2010/11 reintroduced the foundation-level programme for school children within the age limits of 12 to 14 years. Branded as “**English for Teens**”, the programme is aimed at providing a basic foundation in English language training for early teens from disadvantaged schooling backgrounds.

Focus Area in 2010/11	Project Objective	Project Scope in 2010/11	Project Impact	JKH Volunteers
English for Teens - A four-month course for school children within the age limits of 12 to 14 years	English for daily use and basic interactions, helping students understand and use familiar everyday expressions, such as introducing oneself and others and asking or answering simple questions.	<p><u>First Intake:</u> Ampara, Anuradhapura, Batticaloa, Chilaw, Colombo, Gampaha, Kurunegala, Matara and Ratnapura Centres (9)</p> <p><u>Second Intake:</u> Bandarawela, Galle, Habarana, Jaffna, Kandy, Negombo, Panadura, Trincomalee and Vavuniya Centres and <i>Samata Sarana</i> organisation (10)</p>	<p>Total of 1149 students registered; <u>First intake</u> - 503 students completed course.</p> <p><u>Second intake</u> - 435 students completed course. Classes in Habarana (80 students) and Samata Sarana (20 students) are ongoing.</p>	2 MC members in general. Also 20 volunteers from across the Group represented JKF at the inaugural programmes at the respective centres.



Principals of selected schools in the 18 pre-identified areas were requested to nominate eligible candidates under the two intakes during the year. Scholarship awardees were selected after a placement test set by Gateway Educational Services (service provider for the project) and a total of 1149 students registered during the year, entitling them to course fees, examination fees, text book and other course material. 503 out of a total of 565 students registered under the first intake completed the course and sat for the final examination, with a recorded 97% passing it. 584 students registered under the second intake of the programme of which 435 have completed the course and sat for the final examination with a recorded 97.7% passing it. The classes at Habarana and Samata Sarana organisation are in progress and due to conclude by June and August 2011 respectively. Each student is required to

complete an evaluation form at the end of the course and the student feedback is analysed and noted towards continuous improvement of the programme. The Foundation has also scheduled an English Day in June 2011 to provide a platform for the scholars to display their newly-acquired English skills in a public forum which will also see the distribution of certificates to those who successfully passed the final examination.

The Foundation was represented at the inaugural ceremony at most of the locations by staff volunteers from across the Group. A highlight during the year was the extension of the programme to cover a special class for 20 children of *Samata Sarana* – a non-government charity organisation dedicated to serve the poorest and most vulnerable slum dwellers including children regardless of gender, race or religious belief. Meanwhile, certificates were distributed to a total of 1237 scholars who had completed the “English for Life” programme of 2009/10. The distribution of certificates to successful candidates of both intakes took place at the respective Gateway Language Centres.

“English for Teens” is another initiative under the **English Language Scholarship Programme of John Keells Foundation**, an “Approved Charity” under the Inland Revenue Act, No. 10 of 2006 (Gazette No. 1,561 dated 01st August 2008). Launched in 2004 in collaboration with Gateway Educational Services, this long-term project is aimed at enhancing English language skills of schoolchildren and youth across the island towards improving their opportunities for higher learning and sustainable employment in the modern age and has to date empowered the lives of over 4,400 individuals.

The Final Step, a series of five-day workshops on soft skills designed for the benefit of university undergraduates towards grooming them for employment, was conducted for the first time at the University of Sri Jayewardenepura in collaboration with the

Focus Area in 2010/11	Project Objective	Project Scope in 2010/11	Project Impact	JKH Volunteers
University of Sri Jayewardenepura, Sri Lanka	To enhance the employability of local graduates by changing their perspectives of employment in Sri Lanka and increasing their adaptability to the requirements of the workplace.	5-day series of workshops involving: <u>Panel Discussions</u> on Employer Expectations and Team Building & Leadership Skills; <u>Interactive Workshops</u> on: Personality Development & Confidence Building; Adapting to the Corporate Environment; Personal Grooming; and Corporate Hospitality	Average of 260 undergraduates each day	15

Career Guidance Unit (CGU) of the University. The programme saw an enthusiastic response from graduating batches of students from the Management, Science and Arts Faculties of the University with each day's workshop attracting an average of 260 undergraduates.

The programme received very positive feedback from the students, faculty members and the CGU. This was the fifth such soft skills programme presented by the Foundation since its launch in 2006, comprising two programmes each at the University of Kelaniya and the University of Moratuwa. Based on the overwhelming success of, and growing demand for the programme, more such programmes are planned for the future.

Under the **Neighbourhood Schools Development Project**, the Foundation continues to support the development and maintenance of infrastructure and facilities of five disadvantaged Government schools in Colombo 2 (the location of the Head Office and several businesses of the John Keells Group), towards creating an environment more conducive for learning. The project is implemented through the CSR teams of Cinnamon Grand Colombo and Cinnamon Lakeside Colombo. The following work was undertaken in the five schools in 2010/11:



OUR CONTRIBUTION

Overall Objective	Project Location/s in 2010/11	Focus Area in 2010/11	Direct Impact	JKH Volunteers
Improving the overall educational facilities of five disadvantaged government schools located near John Keells Head Office in Colombo 2	Holy Rosary Sinhala Vidyalyaya	<ul style="list-style-type: none"> Construction of doorways in Grade 3 and 4 classrooms and Store Room Renovation of existing racks in Grade 1,2 and 3 classrooms Renovation of Canteen door and existing racks Renovation of fans in Main Hall and class rooms Construction of a mesh in the computer room Construction of new door frame in room adjoining the library Donation of racks for the library 	200 students 14 teachers	8
	Holy Rosary Tamil Vidyalyaya	<ul style="list-style-type: none"> Rewiring of school Replacement of the existing lattice with glass in Science room and corridor Reconstruction of performing stage in Main Hall Construction of glass window frames to Grade 3 classrooms Construction of iron grills in Grade 10 Dancing Room Renovation of wash rooms (cisterns and wash basins) Painting of library and corridor Reconstruction of a doorway to a Grade 1 classroom 	158 students 18 teachers	
	Al Iqbal Muslim Balika Vidyalyaya	<ul style="list-style-type: none"> Creation of a steel canopy with a new gate and concrete walkway from the entrance of school to the school building as a shelter from rain Painting of the boundary walls Donation of a podium 	448 students 28 teachers	
	Sri Sariputta Maha Vidyalyaya	<ul style="list-style-type: none"> Conversion of a store room to a class room Refurbishment of the children's playground Organising mural paintings on the main wall Donation of 6 computers 	250 students 15 teachers	
	T. B. Jayah Maha Vidyalyaya	<ul style="list-style-type: none"> Renovation of the Sports Room and Front Elevation Donation of 40 plastic chairs Art competition held on the theme of Environment 	50 students 30 teachers	

During the year under review (as in the previous two years) eligible students of the five schools could also apply for scholarships under the English Language Scholarship Programme of the Foundation. A total of 107 students registered themselves for the programme under the first intake and followed classes conducted weekly in one of the schools whilst a total of 100 students completed the course and sat for the final examination.

The Transportation Group of John Keells Holdings PLC continued its sponsorship of the **Scholarship Programme for the students reading for an Honours degree of Bachelor of Science in Transport and Logistics Management (BSc (T&LM) Hons.) at the University of Moratuwa**. This 4-year programme, which commenced in 2006, is a strategic CSR project designed to develop the knowledge, skills and attitudes necessary to equip the undergraduates to face the modern day challenges in the fields of Aviation, Shipping, Logistics

and Supply Chain Management or Public Transport. Whilst the scholarship programme is a great boon to the undergraduates - not only supporting their tertiary studies but also facilitating a host of attractive career choices - it also helps develop a much needed resource base of professionals for the country's growing transportation industry. Admission to the degree programme is based on the selection criteria of the University Grants Commission and the intake is limited to 50 students. The scholarship programme consists of an aggregate of 26 scholarships awarded on a both need- and merit-based scheme. The first year students are entitled to a need-based scholarship while the second, third and fourth year students benefit from a merit-based scholarship. In 2010/11, a total of 26 first, second, third and fourth year students were granted scholarships. Meanwhile, as all lectures are conducted entirely in English, the first-year students (numbering 50) were also provided English Language training via a custom-made programme conducted by Gateway. Each student is

required to complete an evaluation form at the end of the English language programme and the student feedback is analysed and noted towards continuous improvement of the programme. In 2011, the plan is to hold a five day "Total Immersion Camp" to facilitate a conducive environment for the students to communicate only in English.

Whittall Boustead (Travel) Limited, a subsidiary of John Keells Holdings and an Inbound Tour Operator company, has sponsored the school requirements of the students of **Sidhuhath Vidyalaya in Gallala, Ratnapura** for the 10th successive year. Each year, since 2001, the staff, tour leaders and suppliers of the company and its principals Kuoni and their staff have voluntarily contributed to the purchase of stationery requirements of all the students of this disadvantaged school (presently numbering 220), including the provision of shoes and an extra uniform for some children who could not afford it. All Government schools provide free education to the students including text books and one free uniform. However the students are required to purchase exercise books and all other stationery items which most children from rural areas find difficult to fund. In this context, the stationary requirements of the students from Year One to Year 11 (the school has classes up to Ordinary Level only) for the whole year were distributed by the WBL's staff who also donated sports equipment. Around 35 staff volunteers and tour leaders participated in the project.

(Please refer Annex 2 for additional initiatives in Education during 2010/11).



HEALTH

The John Keells Group believes that a healthy society is a productive one. During the reporting period, the Foundation continued its long-term focus on two areas of health which are considered pertinent to Sri Lanka as a developing nation.

The John Keells HIV/AIDS Awareness Campaign, implemented through the Foundation, has targeted the employees of the John Keells Group, the communities around its business locations, other corporate entities, most at-risk persons (MARPs) and the general public. In the reporting period, the programme continued with its dual objectives of creating awareness amongst MARPs as well as workplace education. The Group is committed to combating HIV and AIDS to ensure that its status in Sri Lanka remains 'low prevalent'. In this regard, the Group supports prevention through education and access to correct information. 111 sessions were carried out during the year, educating a total of 15,078 persons including members of the armed forces and the military police, staff of the John Keells Group and other entities. Accordingly, the cumulative total of persons educated under the Campaign since its launch in 2005 is 32,353. A representative segment of participants at each awareness session is required to complete a feedback form as a means of facilitating continuous improvement.

Overall Objective	Project Location/s in 2010/11	Focus Area in 2010/11	Direct Impact	JKH Volunteers
Preventing the spread of HIV and AIDS through education and awareness among the staff, surrounding communities (including high-risk environments) and the general public	John Keells Head Office; Cinnamon Island Alidhoo; John Keells PLC; Keells Food Products; Property Group of John Keells; Retail Sector of John Keells Group/JMSL; Transportation Sector of John Keells Group – Mackinnons & Peliyagoda; Leisure Inbound Sector of John Keells Group; Colombo Cold Stores – Colombo & Kaduwela; MAETL; IT Sector of JKCS & JKO; Union Assurance; Cinnamon Lakeside Colombo; Cinnamon Lodge Habarana; Chaaya Blu Trincomalee; Yala Village; Sri Lanka Air Force Bases in Diyatalawa, Hingurakgoda, Palaly, Elara/ Karainagar, Parakrama/Colombo, Mirigama, Ekala, BIA Katunayake, Kalutara, Ratmalana, Koggala, Katunayake; Sri Lanka Army Bases in Iranamadu, Jaffna, Kilinochchi, Akkarayankulam, Vishwamadu, Ramanathanpuram, Alankulam, Jayapuram, Thunukkai, Mallavi, Monkeybridge – Trincomalee, Maduru Oya, 7 Field Engineer Regiment; LTTE Rehabilitation Centre Thriconamadu, Vocational Training Inamuluwa; Sarvodaya – Trincomalee; Military Police Army Camp - Giritale.	Creating awareness among Group staff and at-risk groups; Roll out of HIV/ AIDS Workplace Policy (HAWP) across the John Keells Group	15,078 persons educated in 111 sessions	47

A highlight during the year under review was the announcement of a Group-wide adoption of an **HIV and AIDS Workplace Policy** in the lead up to World AIDS Day 2010, consequent to the rollout of an HIV and AIDS Workplace Programme across all its companies in

Sri Lanka, following a similar rollout in the leisure industry companies in 2009/10. Being the first such Group-wide roll out by a Sri Lankan conglomerate, it could well serve as a model to be emulated by other private sector companies and conglomerates in the country.

OUR CONTRIBUTION

An HIV and AIDS workplace policy seeks to create a conducive environment for persons living with HIV and AIDS to work in and contribute to organisations, while the critical prevention aspect of the policy aims to halt the spread of the disease through behavioural change effected via ongoing education of the employees of such organisations. Therefore, an HIV and AIDS Workplace Policy is a win-win proposition for both organisations and their employees. Hence the Group has adopted the tag line: "Saving lives and livelihoods".

The policy adopted by John Keells Group companies consist of four principles, namely (1) Recognising HIV and AIDS as a workplace issue and treating it like any other serious illness/condition affecting the workforce, (2) Non-discrimination in the workplace against employees on the basis of real or perceived HIV status, (3) Confidentiality of personal data relating to a worker's HIV status, and (4) Prevention of HIV and AIDS by promoting change of attitudes and behaviours through ongoing education and awareness programmes. The four principles are based on the International Labour Organisation's code of practice on HIV and AIDS and the world of work.

As a lead up to the adoption of the Policy, a comprehensive action plan was implemented in each company in Sri Lanka of the John Keells Group, encompassing the following: formation of an HIV and AIDS Workplace Committee, training of Master Trainers to educate staff on HIV and AIDS, holding HIV and AIDS awareness sessions for all staff, launch of integrated internal communication plans to spread knowledge on HIV and AIDS within the workplace on an ongoing basis, and the formal adoption of the Policy in each business unit or industry sector involving all staff. Accordingly, in 2010/11, nine HIV and AIDS Workplace Committees were added to the ten Committees

that were established in 2009/10 resulting in an aggregate of 19 enterprise-based Workplace Committees to educate all employees of the John Keells Group on a continuous basis. Meanwhile, the train the trainer workshops conducted in collaboration with the Employers' Federation of Ceylon and the ILO during the year under review resulted in 27 more Master Trainers aggregating to a pool of 53 Master Trainers in the Group.

The John Keells HIV and AIDS Awareness Campaign was highlighted in the 'Best Practices by Private Sector in Disease Prevention and Management – South West Asia Region' - a report compiled by the Confederation of Indian Industry and Friends of the Fund South and West Asia (FoSWA). JKH is also a member of the Board of Directors of the Lanka Business Coalition on HIV & AIDS (LBCH) and the Head of CSR of JKH held the chairmanship of LBCH during the year under review.

Meanwhile, the Foundation pursued its goal to eradicate avoidable blindness due to cataract in Sri Lanka through the **John Keells Vision Project**. In 2010/11, the Project continued to touch the lives of vision-impaired persons, with a reported 337 cataract operations being carried out islandwide (including collaborations with the International Association of Lions Clubs), bringing the total number of operations since the launch of the initiative in 2004 to 3963. In addition, 282 spectacles were provided to adults during the year under review. The eye camps held under the project continued to attract volunteers from across the Group, in spite of being held during Sundays and holidays in remote parts of the country. In 2010/11 a total of 22 staff members volunteered in assisting at eye camps, (some of them functioning as repeat volunteers at multiple camps), with many sharing their deep sense of fulfilment at being part of this initiative. The volunteers provide administrative support at the eye camps, but are also give candid feedback on the camps, their impact and areas for improvement.

Overall Objective	Project Location/s in 2010/11	Focus Area in 2010/11	Direct Impact	JKH Volunteers
To assist deserving individuals regain their vision and thereby their social and economic independence.	Kurupana Tea Factory - Galle; Melamulla – Panadura; Ettampitiya – Bandarawela; Bandarawela; Badulla; Hingalgoda Tea Factory – Galle; Matara; Waskaduwa; Moratumulla; Raigampura	Cataract surgeries (at Govt Hospitals and Lions Gift of Sight Hospital)	337 cataract patients	22
		Donation of spectacles to children and adults	282 recipients of spectacles	

However, the Foundation continued to be constrained by the lack of sufficient medical resources in achieving better targets during the reporting period and attempted to mitigate the issue by increasing its collaboration with the International Association of Lions Clubs and the Lions Gift of Sight Hospital in Panadura. Discussions were also initiated with the Approved Charity "HelpAge" with the same objective.

(Please refer Annex 3 for additional initiatives in Health during 2010/11)



ENVIRONMENT

The rapid development taking place around us poses a potential risk to our environment and biodiversity. Whilst a conscious and collective effort is necessary to save our planet, the John Keells Group recognises its responsibility in this regard. Hence, whilst the Sustainability Initiative

of the John Keells Group (as reported in the Environmental Impact section) drives efforts at minimising the impact of the Group's operations on the environment, the Foundation spearheads the Group's commitment to sustain and strengthen the communities and environment that have been the backbone of the Group's success.

In 2010/11, the Foundation continued to consolidate the activities at the **Nature Field Centre at Rumassala, in Galle**. A collaboration of the Foundation with the Central Environment Authority (CEA) aimed at facilitating experiential learning about the environment and biodiversity, primarily among schoolchildren, the Centre has given impetus to the conservation efforts of John Keells whilst also creating an opportunity for a successful public-private partnership with the CEA. The Centre - which conducts half-day programmes for schoolchildren and other interested groups to raise awareness on the need to protect the Environment and our rich biodiversity, eco-friendly practices and the importance of co-existing in harmony with the environment - continued to attract a healthy number of visitors per month, mostly schoolchildren. As per the data reported by the CEA, a total of 41 programmes had been conducted at the Centre during the year under review covering an aggregate of 2039 persons. This included 35 sessions conducted for schools and educational institutes covering a total of 1767 students and accompanying teachers, well exceeding the plan of 27 sessions for the year. The additional six programmes benefited interested groups such as local government officials and teachers.

During the year under review, the Foundation donated a laptop computer to the Centre for use in its educational programmes.



The **Butterfly Garden at Cinnamon Lodge, Habarana**, launched in 2008, continued to attract many visitors, including guests of Cinnamon Lodge and Chaaya Village, Habarana as well as schoolchildren of the area. During the year under review, the facility was given a facelift with the introduction of over 300 plants and paved pathways which attracted positive feedback from the visitors to the garden. The hotel garden team maintains the facility under the supervision of the Keells Hotels - Nature Odyssey focal point. This together with the increase in tourism following the end of the ethnic conflict have resulted in improved visitor numbers, with the Garden attracting approximately 100-150 visitors per month during 2010/11, while the total number of visitors since the project began has exceeded 4000. The project has helped visitors appreciate butterflies in a natural setting, while offering these precious insects a habitat to thrive in. The project also helps Cinnamon Lodge, Habarana, to reinforce its position as a green hotel.



The following statistics have been reported during the period under review:-

Visitors to the Butterfly Garden 01 April 2010 - 31 March 2011	
April	143
May	160
June	135
July	103
August	103
September	198
October	202
November	128
December	170
January	153
February	192
March	184
Total	1,871

OUR CONTRIBUTION

The Cinnamon Lodge, Habarana also continued with the **Compost Project** during 2010/11, selling packs of compost to its visitors and guests, as well as those of the neighbouring Chaaya Village, Habarana whilst retailing packs through some of the Keells Super outlets. Whilst the hotel itself uses the compost to produce organic herbs and vegetables, it is also engaged in providing compost by

tonnes and by tractor loads to certain buyers, thereby reducing the usage of inorganic fertilizers in gardens and farms. Sold in attractive packaging and at a relatively negligible cost, the compost is made up of the garden waste collected from the two Keells hotels in Habarana, along with farmyard manure, crop residue, dolomite and top soil.

COMPOST PRODUCTION AND SALES – 2010/11

Month	Production (Kg)	Sale		
		Hotel (Bags)	Keells Supermarkets (Bags)	Revenue (Rs.)
April '10	500	25	50	6,250.00
May	500	24	75	10,025.00
June	500	8	-	800.00
July	500	11	-	1,100.00
August	500	48	-	4,800.00
September	500	6	-	600.00
October	500	2	26	2,150.00
November	500	23	6	2,750.00
December	Nil due to rain	9	-	900.00
January '11	Nil due to rain	4	-	400.00
February	Nil due to rain	14	24	3,200.00
March	500	47	-	4,400.00
Total	4,500	218	181	37,375.00
01 bag = 05 Kg.				

During 2010/11, the Foundation undertook a new initiative called “**Project Leopard**” in collaboration with Yala Village hotel towards reducing human - leopard conflict in the villages adjacent to Yala National Park. The growing population of leopards in Yala has resulted in wandering leopards preying on domestic cattle which, in turn, has led to revenge attacks on the leopards by village herders. Under Project Leopard, the Foundation – along with the Group's Yala Village hotel - has begun implementing a simple but effective solution - steel pens to herd the cattle at night - thus protecting both cattle and leopards. Whilst three steel pens have already been installed, five more sites surrounding the Yala National Park have been identified for the installation of pens.

The Foundation also initiated various activities during the year under review to mark **World Environment Day** falling on 5th June 2010 and 2010 as the **International Year of Biodiversity**.

The World Environment Day (WED) 2010 falling on 05th June was celebrated around the world under the theme “Many Species. One Planet. One Future”. The United Nations also declared 2010 the International Year of Biodiversity, making it doubly opportune to stress the importance of biodiversity for human well-being, reflect on achievements to safeguard it and encourage a redoubling of efforts to reduce the rate of biodiversity loss. The John Keells Group commemorated WED through many environmentally-friendly initiatives spearheaded by John Keells Foundation.

As a lead up to WED, a poster campaign was carried out across the Group's business premises with the posters being printed on recycled paper. As the Group's contribution to The Plant for the Planet: Billion Tree Campaign which is a worldwide tree planting initiative facilitated by the United Nations Environment Programme, the Foundation initiated a tree planting campaign which witnessed the planting of a reported 473 trees across the Group's different business locations.

The **John Keells Tree Planting Campaign** was kicked off on 4th June 2010 with Group Chairman, Mr. Susantha Ratnayake, planting a Na sapling (the national tree of Sri Lanka) at the John Keells Holdings PLC premises at Glennie Street. Several Group companies contributed to the initiative by planting trees within their own premises, and some others took it a step further, planting trees in public areas as well. Strategic Group IT, a Group centre function, planted 20 *Ehala* saplings in the Vihara Maha Devi Park with the collaboration of the Colombo Municipal Council, while Ceylon Cold Stores planted 12 fruit and other saplings in its factory premises in Ranala. Other such noteworthy contributions by Group business units are the initiatives by Cinnamon Lodge Habarana in the planting of 100 trees in total within the hotel premises as well as close to the Habarana Tank, and Yala Village which planted over 50 trees which belong to the dry zone such as *Kohomba*, *Kumbuk*, *Agil* and *Esala*. Bentota Beach Hotel's contribution to the tree planting initiative was the inauguration of its “Herb Garden” with spice plants unique to Sri Lanka within the hotel premises as well as the planting of 30 coconut plants within the hotel premises with the participation of both staff and guests. Other Group companies which actively contributed to the tree planting initiative are Chaaya Blu, Chaaya Citadel, Chaaya Island Dhonveli, Chaaya

Lagoon Hakura Huraa, Chaaya Reef Ellaidhoo, Cinnamon Grand, Cinnamon Island Alidhoo, Cinnamon Lakeside, John Keells Stock Brokers, Lanka Marine Services, Tea Small Holder Factories PLC, Union Assurance PLC, Walkers Tours Ltd and Whittalls Travels Ltd.



Other businesses of the Group commemorated WED with other initiatives such as reef cleanups launched simultaneously under the 'Go Green' initiative at all four of the Maldivian resorts belonging to the Group. A beach cleanup was initiated by Bentota Beach Hotel, while a lake clean up and an art competition for school children were organized by Chaaya Village Habarana. Cinnamon Grand Colombo, initiated a tree planting initiative for children, in collaboration with

Bollywood superstar Vivek Oberoi, who planted a sapling at Nuga Gama, while staff awareness, educational programmes and art competitions on WED were conducted for stakeholders by several other business units across the Group.

With the protection of biodiversity too going hand-in-hand with the John Keells Group's contribution to WED, the Foundation together with Cinnamon Lakeside launched the newly-landscaped area of the railway reservation bordering Masjidul Jalmiya Road in Slave Island on 31st May 2010. A commemorative plaque was unveiled at the occasion in the presence of a gathering representing Cinnamon Lakeside, Sri Lanka Railways, staff of the John Keells Group as well as area residents. The objective of the project was to re-green and beautify the Slave Island area.

RED BAG INITIATIVE

Jaykay Marketing Services, which operates the Keells Super supermarkets, continued with its eco-friendly practice of selling and promoting the use of the reusable cloth bags known as "Red Bags", as an alternative to polythene. During 2010/11, the supermarket chain continued to make steady progress in promoting the sale and re-use of the Red Bag with the objective of reducing the use of polythene.

Keells Super Red Bag Project – 2010/2011 during the period April 2010 - March 2011	
Total Red Bags Sold	97,621
Total Red Bags Reused	200,665
Total Red Bag Usage	298,286

A marginal reduction is seen during the current against the previous reporting year as indicated below:-

Fiscal Year	Polythene usage (Kg)	Total customer count	Polythene usage per visit (Kg)
Apr 2008 to Mar 2009	77,966	7,701,222	0.0101239
Apr 2009 to Mar 2010	90,193	9,291,882	0.0097067
Apr 2010 to Mar 2011	94,830	9,295,956	0.0102012



A marginal reduction is seen during the current against the previous reporting year as indicated below:-

A progressive attitudinal change in the Sri Lankan consumer, together with greater commitment to using more environment-friendly alternatives to polythene, are expected to result in a growing impact on the project itself as well as the overall object of reduced usage of polythene.

The John Keells Group's Paper Conservation Project, involving the collection of waste paper from the Group's business locations for shredding and recycling, has gained momentum during the year under review. The project's main objectives are the saving of trees and reducing the amount of waste paper otherwise ending up as landfill.

OUR CONTRIBUTION

The contractor for collection and onward transmission for recycling of the Group's waste paper since 2006 has been Neptune Papers

(Pvt) Ltd. As per the contractor's report, during the reporting year the direct and indirect impact of the project is as follows:

Waste paper collected by Neptune Papers (Pvt) Ltd. 1 April 2010 - 31 March 2011		Direct Impact - Payment	Indirect Impact - Savings				
Month	Collection (Kg)		Trees (Nos)	Water (Ltrs)	Electricity (Kwh)	Oil (Ltrs)	Landfill (Cub Mts)
April	1,028	5,140	17	32,670	4,112	1,804	3
May	1,373	6,865	23	43,634	5,492	2,410	4
June	1,370	6,850	23	43,539	5,480	2,404	4
July	3,410	17,050	58	108,370	13,640	5,985	10
August	6,209	31,045	106	197,322	24,836	10,897	19
September	3,810	19,050	65	121,082	15,240	6,687	11
October	584	2,920	10	18,560	2,336	1,025	2
November	4,602	23,010	78	146,252	18,408	8,077	14
December	2,362	11,810	40	75,064	9,448	4,145	7
January	1,874	9,370	32	59,556	7,496	3,289	6
February	9,202	46,010	156	292,440	36,808	16,150	28
March	1,107	5,535	19	35,180	4,428	1,943	3
Total	36,931	184,655	628	1,173,667	147,724	64,814	111

In addition to the positive environmental impacts of the project, companies participating in the project benefit from the proceeds due for paper collected and the Foundation's has recommended that these proceeds be utilised for CSR activities of the respective companies.

Meanwhile, Union Assurance PLC continued with its paper recycling project in collaboration with the National Paper Company (successor to National Paper Corporation), a government-owned company currently functioning under the Ministry of Nation Building & Estate Infrastructure. The direct and indirect impact of the project is as follows:

Waste paper collected by National Paper Company 1st April 2010 - 31st March 2011		Indirect Impact - Savings				
Month	Collection (Kg)	Trees (Nos)	Water (Ltrs)	Electricity (Kwh)	Oil (Ltrs)	Landfill (Cub Mts)
April	569	10	18,083	2,276	999	1.71
May	721	12	22,913	2,884	1,265	2.16
June	673	11	21,388	2,692	1,181	2.02
July	798	14	25,360	3,192	1,400	2.39
August	632	11	20,085	2,528	1,109	1.9
September	760	13	24,153	3,040	1,334	2.28
October	652	11	20,721	2,608	1,144	1.96
November	567	10	18,019	2,268	995	1.7
December	526	9	16,716	2,104	923	1.58
January	657	11	20,879	2,628	1,753	1.97
February	578	10	18,369	2,312	1,014	1.73
March	579	10	18,401	2,316	1,016	1.74
Total	7,712	132	245,087	30,848	14,133	23.14

An aggregate payment of Rs. 46,272/- was reported for the period under review.



Ceylon Cold Stores PLC continued its annual initiative in cleaning and maintenance of the banks of Depa Ela canal as well as landscaping and maintenance of trees planted in 2008 in Mahawela located on the Ranala Habarakada road.

DHONVELI MARKS EARTH HOUR



Chaaya Island Dhonveli observed the Earth Hour on Saturday 26th March from 20:30 hours to 21:30 hours.

The highlights of the programme:

- Earth Hour programme leaflets were put in to all occupied rooms
- Dinner time was advanced in all 3 restaurants. Staff dinner time too was adjusted accordingly.
- Guests and Staff assembled at the Beach at 20:30 hrs.
- Torches and bonfire were lit on the Beach.
- Entire Island's power supply was shut down at 20:30 hrs.
- All the focal points of the Island were lit with candles.
- Traditional Maldivian performances were held to entertain everyone.
- At 21:30 hours normal operations of the Hotel resumed.

(Please refer Annex 4 for additional initiatives in Environment during 2010/11)

OUR CONTRIBUTION



COMMUNITY/LIVELIHOOD DEVELOPMENT

The John Keells Group reaches out to the communities surrounding its operations through constructive dialogue with stakeholders and staff volunteerism, translating in a range of community service initiatives. Fostering the spirit of

entrepreneurship as a key to sustainable development is the primary objective of the Foundation-driven community projects.

VILLAGE ADOPTION PROJECT-HALMILLAWE

As reported in the Sustainability Report 2009/10, the Foundation during the course of 2010/11 phased out its direct involvement in Halmillawe (a hamlet located in the North Central Province about 20 km from Habarana), having concluded its five-year plan for integrated development in the village. Before doing so, it concluded the planned training programme on fabric painting as requested by the women previously trained in sewing. The Puttalam-based NGO, *Wilpotha Kantha Ithurum Parishramaya*, which has acted as the animator of the women's empowerment initiatives at Halmillawe, partnered the Foundation in this initiative. As expected, Cinnamon Lodge and Chaaya Village continued to support the village as part of their community development initiatives.

HALMILLAWE WOMEN DEMONSTRATE THEIR PROWESS IN FABRIC PAINTING [INTRANET ARTICLE]

The women of Halmillawe 'Diriyen Idiriyata' society who were trained in fabric painting under the patronage of John Keells Foundation ("Foundation") held an exhibition of their creations on Saturday, 13th October 2010 at the Halmillawe temple premises. John Keells was represented at the exhibition by two staff members of The Cinnamon Lodge. At a meeting held thereafter, ideas were exchanged about the benefits of the training and market opportunities for finished products. The women were keen to pursue an apparel enterprise based on the growing demand in the area and Cinnamon Lodge is exploring means of supporting this fledgling enterprise.

Halmillawe was the first village to be developed under the Foundation's Village Adoption Project. Under this 5-year project, many aspects of the village - which is mostly dependant on agriculture - were developed including irrigational infrastructure, village school and pre-school infrastructure and facilities, alternative power sources and, entrepreneurship development initiatives.

One of the main highlights of the project was the establishment of the women's society 'Diriyen Idiriyata', and the initiatives undertaken through the society. A village-based savings scheme as well as income generation initiatives such as mushroom cultivation, sewing and, most recently, fabric painting have been successful in empowering and incentivising the membership towards financial independence.

VILLAGE ADOPTION PROJECT – MANGALAGAMA

Mangalagama in the Ampara District of the Eastern Province of Sri Lanka is the second village to be selected for development under this project. The selection was made taking into account the need to develop what was previously a 'border village' affected by the long-drawn ethnic conflict, whilst also complementing the Group subsidiary, Ceylon Cold Stores PLC (CCS), which has undertaken a strategic business drive to develop the cashew farmers of the village to supply a substantial part of its cashew requirement for its ice cream products.

During a preliminary assessment carried out in June 2010 by the Foundation's project team together with CCS representatives, a stakeholder meeting was held with the village community leaders including the head priest of the village temple, grama sevaka and representatives of the farmer society, cashew farmers and the village school towards ascertaining the primary needs of the village. Inspections were also carried out of the village school as well as areas earmarked by the respective village representatives as existing or potential sites for irrigational purposes. Through subsequent visits undertaken by the Foundation's project team and CCS representatives, potential sites for housing a cashew processing centre and storage facility were identified and negotiations commenced with funding agencies to facilitate farmer loans. Following further discussions with the stakeholders and related authorities, it was decided to prioritise infrastructure development aimed at increasing the availability of water for basic needs and irrigation and, improving the facilities available at the village school and to facilitate livelihood development and capacity building of the cashew farmers of the village.

REHABILITATION OF THE MANGALAGAMA TANK

The objective of the project is to provide rehabilitation works of the Mangalagama Tank at Mangalagama Village, Batticaloa District. Activities included in the rehabilitation are:

- Tank Bund formation
- Deepening of Tank bed
- Raising the Concrete core wall of the Tank bund
- Construction of spill cum Causeway

In keeping with the project objective of village development through self-reliance, the civil work is carried out by the Mangalagama Farmer Organization under the direction and supervision of the Department of Agrarian Development, Ampara. Related contracts were signed with the above parties and preliminary work commenced in December 2010. The work which was due to be completed in 3 months was hampered by the flash floods affecting the region in January/February 2011 and has thus been extended by a commensurate period.

The Foundation also embarked on infrastructure development work in AM/ Managalarama Maha Vidyalaya, Mangalagama, having identified and prioritized urgent needs for the school in consultation with the principal and obtained approval for the proposed work from the Zonal Educational Office in Ampara.

INFRASTRUCTURE DEVELOPMENT WORK IN THE VILLAGE SCHOOL

The development work undertaken in AM/Managalarama Maha Vidyalaya, Mangalagama in 2010/11 are:

- Construction of a new foundation for, and restoration of, a derelict school building and rehabilitation of the classrooms in the said building
- Repair and reconstruction of two existing teachers' quarters
- Construction of one new Teachers Quarters
- Construction of five toilets
- Provision of equipment for the pre school children's playground

The civil work is carried out by a government-approved sub-contractor appointed by the School Development Society under the direction and supervision of the Zonal Education Office, Ampara. Contracts in this regard were signed with the School Development Society and the Director, Zonal Education Office, Ampara. Work is in progress and is due for completion by June 2011.

Livelihood development

During the year under review, CCS embarked on livelihood development and capacity building among cashew farmers in the village by working with the Cashew Farmers' Association to enable them to grow, collect, process and deliver cashew directly to CCS at market prices, and thereby benefiting from the profits of the entire value chain. In this regard CCS:

- has provided the newly formed Cashew Farmers' Association of the village with a cashew splitting machine and roasting oven to process the cashew for CCS requirements. The machines were commissioned and handed over on 2nd June 2010 to representatives of the Cashew Farmers' Association;
- has been working closely with funding agencies toward arranging seed financing for the Cashew Farmers' Association to purchase the cashew production in the area;
- has indicated its willingness to guarantee the purchase of the entirety of the Cashew Farmers production at market prices.



TAKING CITY JOBS TO THE VILLAGE

OnTime Technologies (Pvt.) Limited at Mahavilachchiya in the North Central Province, Sri Lanka's first recorded rural BPO, is also flourishing, four years into its operations. The company works as a service provider to InfoMate Private Limited (a subsidiary of John Keells Holdings PLC) and carries out transaction processing, as an extension of InfoMate's role of captive finance and accounting service provider for the John Keells Group.

This ground-breaking project in the local BPO industry was initiated by John Keells Holdings PLC, John Keells Foundation together with the Foundation for Advancing Rural Opportunity (FARO) in March 2007. The immediate objective of the project was to create sustainable employment for talented rural youth, enabling them to work from the familiar environment of their own village. The long-term vision of the initiative is to create BPO capacity for Sri Lanka's future outsourcing growth.



In 2010/11, the number of youth employed by OnTime increased to 16 and plans are underway to expand the operation to the maximum possible in a sustainable manner, by means of outsourcing additional functions of InfoMate. In 2010/11, the scope of functions outsourced to OnTime continued to expand with bank reconciliations, Accounts Receivable, General Ledger and Indexing included in addition to the Accounts Payable function. InfoMate also assisted OnTime with two computers and a generator to facilitate uninterrupted power which has greatly contributed to business continuity. Two of the management team of OnTime underwent a custom developed management training programme to equip them with skills necessary to manage their team and grow their business. The Foundation also supported OnTime by funding a facility to securely house the generator and corporate t-shirts for the entire staff.

The project has proved to be a sustainable business model, creating economic benefits to the company whilst simultaneously generating sustainable employment opportunities for rural youth.

OUR CONTRIBUTION

In fact, the year under review saw the establishment of a similar BPO operation called **Seenigama BPO Technologies (Pvt) Ltd at Seenigama**, a tsunami-affected village in the Southern Province of Sri Lanka – a tripartite collaboration between John Keells Holdings, FARO and the Foundation of Goodness (FOG). The project commenced with two agents but has quickly scaled up to seven agents within a space of six months. Training is provided in InfoMate's office in Colombo and the initial results have been very encouraging. Plans are underway to expand the number of seats quickly. InfoMate assisted by providing computers to aid the startup phase and the requisite knowledge in terms of information security and office design. The combination of talented youth in Seenigama, many with accounting qualifications, the sustainable business opportunities created by InfoMate and the support and mentoring provided by FARO and FOG augur well for the future growth of this rural BPO. The Sustainable Sourcing Initiative of the Consumer

Foods and Retail Group of John Keells Holdings PLC continues to boost agricultural activity in villages and raise the standard of living in diverse communities. It is one of our largest and most successful sustainable projects with many sub-projects such as the ginger and vanilla out-grower programmes, dairy production, the treacle project, purchase guarantees of pork, chicken and assistance in the expansion of local, mechanised, de-boned meat. The retail chain, Keells Super, sources a variety of low country and up country vegetables from farming families in Thambuttegama (North Central Province), Suriyawewa (Southern Province) and Nuwara Eliya (Central Province), benefiting hundreds of farmer families.

The sustainable sourcing of ginger from local farmers was initiated by **Ceylon Cold Stores PLC (CCS)** about eight years ago to facilitate the guaranteed purchase of ginger locally, while enabling the company to source better quality raw material. The initiative also helped to progressively eliminate the importing of ginger. Commencing in Hataraliyadda and Poojapitiya, this initiative was later extended to areas such as Dawulugala, Danture and Ankumbura in the Kandy and Kurunegala Districts, based on its success. While 80 farmers were involved initially, the total farming community involved in the initiative during the year under review amounts to around 250. While the company has about 80% of the market share in the country's ginger beer market, CCS has succeeded in sourcing its the entire ginger requirement for products such as *Elephant Ginger Beer* and sliced dried ginger rhizome from these farmers.

During the year under review, CCS also succeeded in sourcing its entire requirement of raw vanilla pods used for Elephant House vanilla ice creams from local farmers. With CCS owning around 65% of the vanilla ice cream market, the project was primarily initiated to eliminate the need to import vanilla oleo resin which is used to manufacture the vanilla flavour, used in almost all CCS's popular ice creams such as *Vanilla, Fruit and Nut and Pani Cadju*. Around 2500 farmers are involved in the project.



The following table demonstrates project performance during a three-year period commencing 1st April 2008 and ending 31st March 2011.

Product	Location	Primary Suppliers/ Project Partners	No. of farmers		Total Annual Supply (KG/LTRS)		Total Payment (Rs.)	
			2009/10	2010/11	2009/10	2010/11	2009/10	2010/11
Ginger	Aludeniya Galabawa Poojapitiya Uduwa all of Hataraliyadda in Kandy District	CCS, Ginger Growers and the Kandurata Development Bank supported by Central Bank of Sri Lanka	125	253	14,514*	14,760	7,257,300	8,856,000
Vanilla	Meegammana West, Wattegama, Kandy	Kandy Vanilla Growers Association	2,500	2,500	438**	925	2,762,049	6,937,500
Treacle	Waralla, Deniyaya	Nilwala Food Products	12	12	39,000	42,000	5,070,000	5,460,000
Milk	Maskeliya Hatton Dikoya Dimbulla Lakshapana	Seven Hills Farms	1,100	1,100	948,761	900,094	46,241,976	69,586,858

Meanwhile, the other two companies of the Consumer Foods & Retail Group have reported the following sustainable sourcing initiatives:-

Keells Foods Products PLC (KFP), which has about 60% of the market share for processed meat, and has been involved in successful sustainable sourcing initiatives for products such as pork and chicken, introduced a new initiative in September 2010. The project involves the sourcing of selected vegetables and the entire requirement of spices needed for products in the Krest range which is done through sustainable integrated farmer communities. Close to 142 farmers from several districts such as Matale, Kandy, Nuwara Eliya, Kurunegala and Kegalle are dedicated to supplying

their produce to KFP, with the entire initiative being coordinated by a society set up under the Kandy Vanilla Growers Association.

During the year under review, KFP also continued its successful sustainable sourcing initiatives relating to chicken and pork, thereby developing better levels of farming, while also improving the standard of living of the farmers substantially. A stable purchase price for the produce is ensured despite the frequent market fluctuations, while the farmers are supported technically and financially to improve production.

Product	Location	Primary Suppliers/ Project Partners	No. of farmers	Total Annual Supply (kg)	Total Payment (Rs.)
Pork	Kaluaggala, Diulapitiya	Kaypro Farms, Maxies Livestock S N Brothers Farm, Pussalla Farm, Dilini Farms, CIC Farms Sanjeewa Farms, St. Anthonys Farm D S D Perera, W G Fernando	25	537,625	149,479,543
	Buijampola, Giriulla,				
	Weliweriya Katana,				
	Kosgama, Pamunugama				
	Dambulla, Kandy				
Chicken	Wennappuwa Hanwella, Kosgama Meethirigala	Maxies & Company Pussalla Farms New Anthonys Farm Nelna Farms	2,200	1,507,959	379,751,094
	Kosgama, Hanwella Meethirigala				
Spices	Meegammana West, Wategama, Kandy	Kandy Vanilla Growers Association	2,300	5,430	4,296,102
Vegetables	Meegammana West, Wategama, Kandy	Kandy Vanilla Growers Association	2,300	71,971	5,353,536

SUSTAINABLE SOURCING BY JAYKAY MARKETING SERVICES IN 2010/11

PROCUREMENT OF LOW COUNTRY VEGETABLES

Thambuttegama Vegetable Collection Centre

Vegetable Collection Centre at Thambuttegama is owned and operated by Jaykay Marketing Services (Pvt.) Limited (JMSL). During the financial year 2010/2011, JMSL procured 536,000 Kgs of vegetables and fruits for a total value of **Rs. 37,500,000/-**. This entire volume was purchased direct from farmers in Mahaweli 'H' region in Thambuttegama.

The executive in-charge of the Collection Centre was assisted by one supervisor and five workers employed by JMSL. The Centre worked with approximately **70 farming families** whilst at any given time approximately 40 farmers supplied produce to the Collection Centre.

In the last financial year, Thambuttegama Collection Centre and Connecting Regional Economies (CORE) program of USAID – Sri Lanka, were involved with farmer associations in **Kebithigollawa**

and **Galenbinuwewa**, two villages in the North Central Province. During the year under review, too, JMSL continued to work with these villagers and procured vegetables from July to October 2010.

SURIYAWEWA COLLECTION CENTRE

Suriyawewa Collection Centre started operations in January 2011 in the Walawa Mahaweli Area in the Southern Province. This Collection Centre was set up to procure low country vegetables and fruits. The executive in charge of the Collection Centre is assisted by five workers employed by JMSL. JMSL has started working with approximately **30 farming families** and procured around 110,000 Kg of vegetables and fruits at an aggregate value of **Rs. 8,500,000/-** during the final quarter of 2010/11. This is a well irrigated area which has high potential and JMSL hopes to expand its operations in the area in the future.

OUR CONTRIBUTION

PROCUREMENT OF UP-COUNTRY VEGETABLES

Nuwara Eliya Collection Centre

The Nuwara Eliya Agricultural Cooperative Society (AGCO) at Meepilimana, Nuwara Eliya operates the vegetable collection Centre on behalf of JMSL. They have an Operations Manager, two Supervisors and 18 full time workers involved in this operation. This organization has a membership of **more than 1,000 farmers** from in and around Nuwara Eliya and they procure all produce from the membership. During 2010/2011, JMSL procured just over 1,000,000 Kg of up country vegetables for a total value of **Rs. 114,000,000/-**.

In each case, the value created to the farmers is as follows:

- Increased income
- Assured market for quality produce
- Elimination of the middle man
- Technical assistance
- Market based cultivation
- Exposure to developed markets
- Personal and lifestyle improvements
- Emergence of a quality focused farming community

Meanwhile, in the **Leisure Sector**, resorts and hotels seek to purchase most of their fresh supplies such as fish, fruits, vegetables, flowers, etc. from their surrounding communities whilst local entrepreneurship is fostered through the patronage of local delicacies and sweet meats of acceptable quality. The Leisure Inbound Sector also fosters entrepreneurship through their community based sourcing mechanisms.

Cinnamon Grand supports SMEs through its Nuga Gama Kade (boutique) which showcases a range of local handicrafts produced by small-scale rural craftsmen. The 30+ suppliers have been in the industry for generations but have minimal exposure to an urban market. As they cannot supply on a large scale, the items at Nuga Gama are tailor made and exclusive to Nuga Gama. By supporting these craftsmen, the hotel not only develops livelihoods, but also supports the sustenance of indigenous artistry and crafts.

During the year under review, **Walkers Tours Limited** and **Whittall Boustead (Travel) Limited** (the destination management companies of the John Keells Group) launched a unique initiative which assisted their chauffeurs – most of whom had long term associations with the companies - to purchase modern vehicles on a self financed model that will also result in 108 brand new Nissan Bluebird Sylphy vehicles being introduced into the tour operations of the John Keells Leisure Sector. This trend-setting business model involved the negotiation of an attractive purchase price with the brand agents as well as affordable repayment terms with a leasing company. To ensure a win-win proposition for both the newly created entrepreneurs and the businesses, the beneficiaries are also provided a guaranteed annual mileage at fixed rates.

Whittall Boustead (Travel) Limited, (a subsidiary of John Keells Holdings and an inbound tour operator company), continued to support micro entrepreneurs through its following initiatives:

- (a) Dharshana Hettiarachchi originally offered to make hand crafted wooden elephants as souvenirs for Whittalls and Kuoni guests. Now the range of items has increased to key tags and wooden caskets and Hettiarachchi employs several craftsmen for the purpose.
- (b) Flamingo Safari at Kirinda operated by Mr. Wimalasiri Weerakone, is another successful partnership of Kuoni. Starting with just one safari jeep at the beginning of the partnership, Weerakone now owns a fleet of about 40 jeeps and provides employment to 50 drivers and mechanics all drawn from among the villagers of the area. In keeping with Kuoni's health and safety measures, Flamingo Safari is the only jeep operator in Tissamaharama certified to provide jeep services to Kuoni clients. Flamingo Safaris also created the first luxury jeep safaris in Yala. Today, Flamingo Safaris offers jeep excursions in Yala, Bundala, Katagamuwa and Udawalawe national parks receiving approximately 50% of business from the Group's DMCs.

Other community development initiatives of the Group include the ongoing refurbishment and maintenance of the Slave Island Railway Station - a historic colonial building and iconic landmark in Colombo 2 - under the patronage of John Keells in collaboration with the General Manager, Railways since 2002. Renovation work in 2010/11, undertaken based on a needs assessment carried out in consultation with the Station Master, included repairing of the public restrooms including the one for differently abled, painting of the entire roof and exterior walls, replacing the lights along the arched platform leading to the Station Master's Quarters, repairing and painting of the benches used by commuters while also adding new benches. In addition new speakers were installed to enhance the public address system at the Station and two flag posts erected at the entrance of the Station to be used for occasions. Meanwhile, the erection of a steel fence at the entrance of the Railway Station and the re-concreting of the platform at the rear end of the Station are in progress. The Group hopes to continue maintaining the Railway Station at a high standard in collaboration with Sri Lanka Railways. Formal and informal feedback continues to be obtained on an ongoing basis from the Railways authorities as well as Group employees who are commuters using the Station. Project work (including all repairs and routine maintenance of the building and service areas) is sponsored and implemented by John Keells PLC under the guidance of John Keells Foundation.



Approximately four staff volunteers of the Group are engaged in project implementation and monitoring while the project is expected to have benefited over 3.5 million commuters during the year. Since the collaboration permits companies of the John Keells Group to advertise their products and services in the station premises, seven companies which have made use of this facility could also be considered beneficiaries of the project.

As an equal opportunity employer, the John Keells Group actively supports the gainful employment of differently abled members of the community. As a Steering Committee member of the Employers' Network on Disability of the Employers' Federation of Ceylon (EFC), John Keells Holdings PLC (JKH) has been actively supporting the initiatives of the Network. The John Keells Group had 14 differently-abled employees in its cadre during 2010/11. During the year under review, the Group also adopted and disseminated a guideline on the recruitment of differently abled individuals and will continue to facilitate the social and economic integration of the differently-abled through employment opportunities and other means in the ensuing year.

(Please refer Annex 5 for additional initiatives in Community/ Livelihood Development during 2010/11)



DEVELOPMENT ASSISTANCE TO SMALL HOLDER GROWERS

Tea Smallholder Factories PLC is dependent on its small holder base for the supply of green leaf. The sustainability of the business of the company is directly related to the sustainability of its small holder supplier base. This is possible if the growers enjoy adequate margins from growing tea in their small blocks of land. Whilst it is well documented that the present production levels in the small holder sector is primarily due to the aggressive planting / replanting during the 1980s, it is a fact that replanting of low productive fields is slow and inadequate. Productivity declines with the ageing of tea.

Replanting in the small holder sector is an important activity towards maintaining the contribution made by this sector to the national tea production.

The company approached the task of identifying remedies to this situation by initially undertaking a sample survey to understand the constraints faced by the growers. The constraints identified were as follows:

Having identified the above constraints the company in 2010 / 2011 commenced on a pioneering project to assist its loyal and reliable suppliers who are desirous of developing their lands. The degree of assistance given to the growers was assessed on a case by case basis, on a plan developed and agreed between the grower and the company. The development programme was so designed that the small holder growers developed only a portion of their land, thereby ensuring adequate revenue from the remaining tea land to sustain their income.

Key assistance given to the growers include dissemination of knowledge on accepted agricultural practices such as land preparation including terracing as required, rehabilitation of soil with recommended grasses and fertilizing to ensure vigorous growth in order to build a healthy soil. The first stage of the project involving land preparation and rehabilitation is currently underway and the project is working satisfactorily.

Towards ensuring the availability of healthy tea plants, the company has handpicked competent nurserymen from the villages. These nurserymen will, under the guidance of the company Extension Team, follow accepted nursery practices towards making available healthy, robust tea plants to the participating growers.

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Home / Entertainment, FT LITE / Art auction adds colour to Kala Pola 2011

Art auction adds colour to Kala Pola 2011

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Sri Lanka's popular open-air art gallery cum art fair, 'Kala Pola', which came alive on Sunday 23 January 2011 on the sidewalks of Ananda Coomaraswamy Mawatha (Green Path), saw the participation of 320 artists and drew a crowd of nearly 27,000.

"277 artists registered for this year's Kala Pola", said Cedric De Silva, Chairman, Board of Trustees, George Keyt Foundation, and there were 43 who remained unregistered. There was also a steady stream of visitors at the Kala Pola; many of whom bought nearly 1000 items – both paintings and sculptures – with the artists making approximately Rs. 7 million in sales. The amount of sales of individual artists ranged from Rs.1,000/- to Rs.480,000/-."

Kala Pola 2011 was declared open ceremonially by Han Tao, Deputy Ambassador of Peoples Republic of China in Sri Lanka, in the presence of Cedric De Silva, Lalith Ramanayake, Head of CSR, John Keells Holdings PLC, the trustees of the George Keyt Foundation and senior officials of the John Keells Group. Conceptualised by the George Keyt Foundation, "Kala Pola" has enjoyed the unbroken patronage of the John Keells Group over the past 17 years. Kala Pola offers upcoming as well as established artists the opportunity to exhibit and sell their works of art to art collectors and art lovers. It has also helped launch the careers of numerous artists over the years, not only helping them to build a steady clientele, but also promoting art as a lucrative professional career. Many Kala Pola artists have been successful and have gone onto launch careers in the international arena.

From 8.00 a.m. to past 6.00 p.m., Ananda Coomaraswamy Mawatha was a hive of activity, with curious visitors including numerous tourists, intent art-collectors and families on a day out, browsing through row upon row of colourful creations on display while children gazed in awe at the stilt-walkers, dancers and drummers providing lively entertainment. A constant stream of jazz music and a variety of food stalls including local delicacies added to the general atmosphere of camaraderie and fun.

This year, Kala Pola introduced the special feature of an art auction where 15 paintings of selected artists came under the hammer at the National Art Gallery. A total revenue of Rs. 570,000 was generated as a result of the art auction. "Your efforts to help artists are deeply appreciated", said Anura Dahanayake, a long-term exhibitor at Kala Pola, whose colourful oil on canvas entitled 'Having a Rest' was one of the items which attracted enthusiastic bidding at the art auction.

Kala Pola is sponsored and organized by John Keells Holdings PLC and John Keells Foundation and presented by the George Keyt Foundation.

OUR CONTRIBUTION

Inadequacy of man-power	Inability to commit for a long period of time
Inadequacy of financial resources	The rehabilitation of soil for a period of 18 months is an essential step in a good replanting programme. Whilst there is some assistance granted by the State to growers, it is inadequate to meet the funds required for necessary activities such as land preparation, procurement of plants and the application of fertilizer.
Poor planting material	Primarily due to cash constraints, most growers in the low elevations resort to low cost methods such as the use of small bag plants, which with inadequate root growth, becomes vulnerable during dry weather.
Good agricultural practices	Over the years, the quality of replanting has deteriorated to the extent that most growers are not conversant with good agricultural practices.
Climate change	There is an urgent need to follow good agricultural practices in all activities, to minimise the adverse effects of extremes of weather.



In the first year of the project, 95 small holders are participating covering an extent of 65.5 acres. Towards facilitating knowledge transfer and timely advice on replanting activities, the company has recruited Extension Coordinators specifically for this pioneering project. Regular interaction between the growers and our Extension Team ensures that all activities are undertaken as per accepted practices.

The company will extend this pioneering project to the new financial year as well and is in the process of identifying growers, towards assisting them to replant their lands.



ARTS AND CULTURE

The John Keells Group is committed to sponsoring arts and culture towards safeguarding and promoting the cultural heritage of the community.

Sri Lanka's popular open-air art gallery cum art fair, 'Kala Pola', came alive on Sunday, 23rd January 2011 on the sidewalks of Ananda Coomaraswamy Mawatha, Colombo and was ceremonially inaugurated by Mr. Han Tao, Deputy Ambassador of the People's Republic of China in Sri Lanka. Conceptualised by the George Keyt

Foundation, the Kala Pola 2011 enjoyed the unbroken patronage of the John Keells Group for the 17th consecutive year.

Kala Pola 2011 saw the participation of 320 artists and sculptors and a growing clientele enjoying the display of a variety of visual creative art in a fun-filled atmosphere of music, refreshments and entertainment. The estimated total sales of the exhibitors on the day was Rs. 7 million with sales of individual artists ranging between

Conceptualised by the George Keyt Foundation, Kala Pola has enjoyed the unbroken patronage of the John Keells Group since 1993. While Kala Pola initially took off from the concept of open air summer art fairs in European capitals, like the legendary Montmartre in Paris, the underlying rationale for its existence goes beyond the search for fascinating colour, exuberance and camaraderie. It is more importantly a valuable forum to launch and sustain the careers of talented artists and sculptors, foster the development of a client base, and thereby promote art as a lucrative and professional career. Many Kala Pola artists have been successful and have gone onto launch careers in the international arena.



Rs.1,000/- to Rs.480,000/-. The event drew over 27,000 visitors and was supported by 30 volunteers from the John Keells Group.

This year's Kala Pola included the novel feature of an art auction held at the National Art Gallery and conducted by John Keells Foundation in collaboration with the George Keyt Foundation – possibly the first Art auction to be held in Sri Lanka. 15 paintings of selected artists came under the hammer at the art auction generating a total revenue of Rs. 570,000.

In 2011 too, each exhibitor was requested to complete and return a feedback form towards facilitating continuous improvement of the event. Some of the staff volunteers were assigned to assist the exhibitors in this regard. Meanwhile, the staff volunteers too were encouraged to share their impressions and suggestions for further improvement. The organising committee comprising representatives of the George Keyt Foundation and the John Keells Group met at a post-event meeting to review the event and identify areas for improvement.

Meanwhile, **Walkers Tours Limited** (a member of the John Keells Group and an award-winning inbound tour operator company) located in Colombo 2 continues to host a stunning collection of paintings of the internationally-renowned Sri Lankan artist, George

Keyt. This valuable collection of artwork is on permanent public display in the premises towards making it accessible to both local and foreign art lovers alike.

In addition, all **resort hotels of the Group** continue to support local art and culture by engaging local artistes in entertainment provided to guests. Hotels such as Bentota Beach Hotel further foster local art by licensing artists to exhibit and sell their creations in the hotel premises. All hotels also arrange traditional wedding ceremonies for foreign guests on request, replete with local customs and rituals.

Union Assurance's ongoing CSR initiative "**Pasalen Karaliyata**" undertaken in collaboration with the Ministry of Education is aimed at promoting aesthetic studies among school children, providing talented children a platform to showcase their skills. First organised in 2007, season three had also been extremely successful, having been extended to cover the North and East Provinces for the first time.

PASALEN KARALIYATA – A CSR INITIATIVE BY UNION ASSURANCE

Pasalen Karaliyata is a national programme which was initiated in 2007 as a unique CSR initiative in collaboration with the Ministry of Education. The programme was aimed at contributing towards the recognition of aesthetic talents of schoolchildren in national schools and rewarding them for their skills. The program was extended to recognise their performance as a university entry qualification.

The Pasalen Karaliyata programme also offers rich rewards for the winning school children as well as the schools which they belong to. Uniquely, it is not only the first, second and third place winners who are singled out for recognition since the schools they attend also receive cash awards.

This programme was successfully conducted for the 3rd consecutive season during the 2nd half of 2010 and the 1st quarter of 2011. Unlike the previous seasons (when the children in the conflict affected areas could not participate), the 3rd season of Pasalen Karaliyata was extended to the North and East. This indeed created renewed enthusiasm towards this programme at a national level with Sinhalese and Tamil cultures blending with each other.

THE HIGHLIGHTS OF THE PROGRAMME ARE AS FOLLOWS

- Number of Districts included in the competition - 22 (including the North and the East)
- Number of schools participating - approximately 380 schools
- Number of children participating at district level - over 9,500
- Number of children participating at National level - over 175,000

CATEGORIES OF COMPETITIONS

District Competition

- Folk Dancing – Group (Grade 6 and above) Male / Female / Tamil / Sinhalese
- Folk Music – Group (Grade 6 and above) Male / Female / Tamil / Sinhalese
- Art competition for children below grade 5 under 2 levels

National Level

- 40 schools (Total 1200 children)

National Level - Finals

- *1st, 2nd and 3rd place winners were selected and rewarded at a special event held at the National Folk Art Centre (*Janakala Kendraya*), Battaramulla on 2nd April 2011..

This CSR initiative has been well received by both the Department of Education and national schools as this is the only programme which encourages children to demonstrate the aesthetic skills in folk dancing, folk singing at individual level or group level to earn extra marks for the university entry qualification.

Since Sri Lanka has a rich heritage of folk dance, music, drama and creative art which must be preserved and fostered, the company's end objective is to ensure that Sri Lanka's cultural heritage is protected and nourished for the benefit of future generations.

(Please refer Annex 6 for additional initiatives in Arts & Culture during 2010/11)

OUR CONTRIBUTION



DISASTER RELIEF

Apart from the aforementioned CSR initiatives, supporting its fellow citizens in their hour of need has been a vital aspect of the John Keells Group's culture over the years. The John Keells Flood Relief Initiative undertaken during the year under review exemplifies the commitment of

the Group and its employees to the cause of disaster relief.

In the immediate aftermath of the floods, JKH committed a significant contribution to airlift cooked food to welfare centres in affected areas. The Group businesses located in the affected areas were also involved in distributing cooked food, dry rations and other essential relief directly to affected families in their respective areas.



Destructive flash floods ravaged many parts of Sri Lanka in January and February 2011, leaving 43 people dead and over a million displaced. The majority of the displaced were accommodated in camps set up by the government, whilst many others took shelter with friends and relatives, temples and churches. As the floodwaters began to recede, the displaced persons returned home, but many found that their houses, schools and belongings had been severely affected by the floods. The John Keells Group initiated the John Keells Flood Relief Initiative to provide both emergency and short term assistance to those affected.

Meanwhile, the Group's CSR arm - John Keells Foundation (Foundation) - initiated a programme primarily aimed at involving the participation of Group staff. The Foundation sought the cooperation of the Group's businesses in affected areas in order to assess the beneficiary groups and nature of aid to be distributed as well as to distribute the relief items directly to affected persons.

Daily FT
The Empowered
HOME COLUMNS FT LITE FT VIEW MAIN IMAGE OPINION PDF PICTORIAL PRINT PAPER SECTOR
CSE - Market Open - AS: 7523.65 | Change: 36.04/.48 % | Vol: 16,794,317 | T/O: 434,814,127 -->

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John Keells' flood relief initiative assists citizens in hour of need

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Destructive floods ravaged many parts of Sri Lanka in January and February 2011 leaving 43 people dead and over a million displaced. The majority of the displaced were accommodated in camps set up by the government, whilst many others took shelter with friends and relatives, temples and churches. As the floodwaters began to recede, the displaced persons returned home, but many found that their houses, schools and belongings had been severely affected by the floods.

The John Keells Group initiated the John Keells Flood Relief Initiative to provide both emergency and short term assistance to those affected. In the immediate aftermath of the floods, the Group committed a significant contribution to airlift cooked food to welfare centres in affected areas. The Group businesses located in the affected areas were also involved in distributing cooked food, dry rations and other essential relief directly to affected families in their respective areas.

Meanwhile, the Group's CSR arm – John Keells Foundation (JKF) – initiated a programme primarily aimed at involving the participation of Group staff. JKF sought the cooperation of the Group's businesses in affected areas towards identifying beneficiary groups and nature of aid to be distributed as well as to distribute the relief items directly to affected persons.

JKF also rallied the support of the Group employees to make voluntary contributions to the initiative. As a result of the employees' generous response, JKF was able to source and distribute UNICEF-identified school requirements for lower primary, upper primary and secondary levels to 1,000 children in the Trincomalee District, dry ration packs comprising two weeks' supplies for 100 families in the Anuradhapura District and household utilities such as mattresses, mosquito nets and cooking utensils for affected families in the Trincomalee District.

The Group employees also responded to JKF's appeal for assistance in packaging of the school kits and family packs. Staff members worked on a voluntary, rostered basis to package the material at the Keells Hotels Management Services Central Purchasing Office (CPO) warehouse located in Colombo 2 and load them for dispatch to Habarana and Trincomalee.

The CPO management and staff rendered yeoman service in coordinating the sourcing and packing operations. Group Company JayKay Marketing (Pvt) Ltd. supported the initiative in supplying 100 packs of dry rations packs, each comprising two weeks' supplies for a family of four.

The distribution of relief items in the flood-ravaged Trincomalee District was undertaken by the management and staff of John Keells Group Resort Chaaya Blu, Trincomalee in cooperation with the Zonal Education Offices of the affected areas.

A total of 400 affected students were provided school packs at T/As Safa Vidyalayam, in Kinniya, whilst educational material was also distributed among 600 students in four schools in the Muttur area – namely, T/Sirimurugan Vidyalaya, T/Sampur Maha Vidyalaya, T/Sinhala Maha Vidyalaya and T/Ai Mina Vidyalaya. With most of the area being at least 3 feet underwater, the flood relief came at a truly opportune moment and brought some consolation to the hundreds of children who had lost their precious school requirements.

Meanwhile, the John Keells Flood Relief Initiative in the North Central Province was supported by Group Resorts Cinnamon Lodge and Chaaya Village in Habarana which facilitated the distribution of relief items in the areas of Palugaswewa and Halmillawe in collaboration with the Divisional Secretary, Palugaswewa. A total of 100 dry ration packs were distributed directly to displaced families in welfare centres in Madawala and Maha Rambawewa, Maha Meegaswewa and Halmillawe. Apart from its numerous sustainable development initiatives, supporting its fellow citizens in their hour of need has been a vital aspect of the John Keells Group's culture over the years. The John Keells Flood Relief Initiative exemplifies the commitment of the Group and its employees to the cause of disaster relief.

The Foundation also rallied the support of the Group employees to make voluntary contributions to the initiative. As a result of the employees' generous response, the Foundation was able to source and distribute UNICEF-identified school requirements for lower

primary, upper primary and secondary levels to 1000 children in the Trincomalee District, dry ration packs comprising 2-weeks' supplies for 100 families in the Anuradhapura District and household utilities such as mattresses, mosquito nets and cooking utensils for affected families in the Trincomalee District.

The Group employees also responded to the Foundation's appeal for assistance in packaging of the school kits and family packs. Staff members worked on a voluntary, rostered basis to package the material at the Keells Hotels Management Services Central Purchasing Office (CPO) warehouse located in Colombo 02 and load them for dispatch to Group hotels in Habarana and Trincomalee. The CPO management and staff rendered yeoman service in coordinating the sourcing and packing operations. Group Company and operator of the 'Keells Super' supermarket chain, JayKay Marketing (Pvt) Ltd, supported the initiative in supplying 100 packs of dry rations packs, each comprising 2-weeks' supplies for a family of four.

The Foundation ensured that all relief items were distributed directly to affected persons through the support of the Group businesses in the related areas. The distribution of relief items in the flood-ravaged Trincomalee District was undertaken by the management and staff of John Keells Group Resort Chaaya Blu, Trincomalee in cooperation with the Zonal Education Offices of the affected areas. 400 affected students were provided school packs at T/As Safa Vidyalayam, in Kinniya. whilst educational material was also distributed among 600 students in four schools in the Muttur area – namely, T/Sirimurugan Vidyalaya, T/Sampur Maha Vidyalaya, T/Sinhala Maha Vidyalaya and T/AI Mina Vidyalaya. With most of the area being at least three feet underwater, the flood relief came at a truly opportune moment and brought some consolation to the hundreds of children who had lost their precious school requirements. The family kits were distributed to displaced families in Andamkulam by Chaaya Blu employees. Letters of acknowledgement relating to the relief items were sent by the related school and local government authorities.

Meanwhile, the John Keells Flood Relief Initiative in the North Central Province was supported by Group Resorts Cinnamon Lodge and Chaaya Village in Habarana which facilitated the distribution of relief items in the areas of Palugaswewa and Halmillawe in collaboration with the Divisional Secretary, Palugaswewa. A total of 100 dry ration packs were distributed directly to displaced families in welfare



centres in Madawala and Maha Rambawewa, Maha Meegaswewa and Halmillawe.

STAFF VOLUNTEERISM AND CORPORATE SUPPORT AT JOHN KEELLS

Staff volunteerism has become an integral part of the Group's community engagement strategy. This not only connects the John Keells family more closely with one another and the community, but also enables employees to develop skills such as confidence, communication, leadership, teamwork, whilst giving them pride in the organization and a sense of personal fulfilment.

The Group encourages its employees to volunteer their services in corporate social responsibility (CSR) activities initiated both at Centre (by the Foundation) and Business Unit level. In fact, the Foundation has only two dedicated employees. The Management Committee and the project teams of the Foundation comprise Group employees who volunteer their time in the respective capacity. Project activities are supported by a wider team of volunteers drawn from across the Group.

A presentation on CSR is made to each group of executive inductees under the Centre Induction Programme towards promoting volunteering in a project of their choice. This is also made an opportunity to make the inductees aware of the Group's commitment to the principles of the UN Global Compact (UNGC) and what it entails. The UNGC principles and the Millennium Development Goals are also posted on the Group's intranet for the benefit of staff. Employees whose involvement is required in CSR activities are released with minimum restraint and the senior management exercises a flexible policy toward the time devoted by staff to such projects. The John Keells Group does not account or charge for time spent by employees on CSR voluntarism. Similarly, the Foundation does not account or charge for human resources, planning and administration and overhead costs attributable to any of its projects.



OUR CONTRIBUTION



During the year under review, in addition to its ongoing long-term projects, the Foundation planned and implemented three mass scale activities to engage volunteers, namely:

(a) ***Shramadana* to beautify part of the Slave Island rail reservation**

The objective of the project was to re-green and beautify the Slave Island area with the participation of staff who had enlisted into JKSRF's volunteer network. The shramadana, involved the clearing and weeding of the rail reservation area bordering the boundary wall of Ceylon Cold Stores Head Office premises located on Masjidul Jalmiya Road which was badly neglected over time. Held on 11th December 2010, the shramadana attracted 16 enthusiastic volunteers from various businesses of the Group.

The area was subsequently levelled, turfed and planted with flowering plants to beautify and bring colour to the surroundings. The garden team of Cinnamon Lakeside provided technical support for this initiative. Day-to-day maintenance (including protection of plants) was contracted to a community leader of Slave Island whilst monthly maintenance was carried out by the Cinnamon Lakeside garden team comprising four volunteers.

(b) ***Shramadana* to package flood relief items**

The packaging of school kits and family packs as part of flood relief for the Eastern and North Central Provinces took place on 10th and 11th February 2011 at the KHMS Central Purchasing Office (CPO) located at Vauxhall Street, Colombo 02. Thirty staff members from various businesses of the Group contributed to this worthy cause by assisting on a rostered basis under the guidance of the Foundation and CPO. The packaging and loading of the relief consignment were successfully completed on 11th February 2011 and the dispatch vehicle left Colombo for Habarana and Trincomalee on the same day.

(c) ***Shramadana* at Kanneliya Forest Reserve**

The Foundation organised a shramadana at the Kanneliya Forest Reserve with the objective of removing the invasive species known as Nylon Bovitia (*Clidemia hirta*) which disturbs the soil and prevents native species of plants from regenerating. The initiative which received an enthusiastic response from

staff members from across the John Keells Group took place on 19th March 2011 with the involvement of 46 volunteers who successfully cleared an estimated 5-km stretch. This initiative also marked one of the Foundation's initiatives to commemorate 2011 as The International Year of Forests as declared by the United Nations.

The Foundation recorded a minimum of 402 volunteer engagements in various projects implemented or overseen by the Foundation during the reporting period.

Volunteers who have participated in various CSR initiatives have often shared their sense of fulfilment at being part of a community based activity, which has been circulated among others of the team for motivational purposes. During the year under review, a more formal feedback process was introduced towards obtaining structured feedback from the volunteers engaged in the Foundation's projects.

During the reporting period, the Foundation also initiated various steps to recognise and reward volunteers. The participation of volunteers in various projects of the Foundation was acknowledged through notes of appreciation and news items posted on the intranet and the Group newsletter. The Foundation also awarded four V-SPARC (Values-Superior Performance And Recognition Creation) awards to volunteers for their contributions to ongoing projects of the Foundation – namely, individual awards to the project champions of HIV & AIDS Awareness Campaign and Kala Pola and team member of the John Keells Vision Project as well as a team award to two members of the HIV & AIDS Workplace Committee at



Cinnamon Lodge, Habarana in recognition of their superior contribution towards enabling the project target to be exceeded.

As proposed in the Sustainability Report 2009/10, the Foundation also adopted a comprehensive Reward and Recognition Process for CSR Volunteers of the Group for implementation from 2010/11 onwards. Under the new scheme, a total of 335 volunteers were identified as having contributed



to CSR activities initiated or overseen by the Foundation, either as project leads, team members or volunteers providing ground or administrative support during 2010/11. The names of all serving members among such staff were listed for recognition through the award of certificates as well as under applicable performance appraisal schemes. Meanwhile, the Foundation inaugurated a **Volunteer Recognition Day** to recognise and reward dedicated volunteers of the Foundation. At the inaugural event held on 25th April 2011, a total of 54 volunteer engagements in ongoing projects of the Foundation were awarded certificates by the Chairman of the John Keells Group in the presence of its senior management.

In the future, with the aim of strengthening the sustainability of the communities we engage with, the John Keells Group will continue to explore new opportunities to bring together community investment and engagement initiatives which are aligned with the Foundation's focus areas.

PRODUCT STEWARDSHIP



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



PRODUCTS AND SERVICES POLICY

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

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

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

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

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

PRODUCT STEWARDSHIP

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

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

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

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

LEISURE INITIATIVES IN PRODUCT RESPONSIBILITY

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

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

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

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

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

GROUP'S PROCESSES WITH REGARD TO MARKETING COMMUNICATIONS

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

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



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

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

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

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

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

COMPLIANCE WITH RULES AND REGULATIONS ON GROUP PRODUCTS AND SERVICES

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

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

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

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








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

















PERFORMANCE ON AGENDA 2010/11

Focus Area	Agenda for 2010/2011	Status	Reference Page	Further comments
Economic performance	<ul style="list-style-type: none"> We will ensure that our operations will safeguard the sustainability of the environment and communities we operate in, whilst providing our stakeholders superior returns and services. 		45 -47	
Environmental Impact	<ul style="list-style-type: none"> We aim to reinforce the management practices currently institutionalized through a process of continuous improvements. 		50-51	
	<ul style="list-style-type: none"> We will improve on our current energy management practices and embrace emerging technologies in achieving a lower emission rate of green house gases and a lower carbon foot print. 		53	Due to the increase in the activity levels, there hasn't been a reduction; however the efficiency levels have been improved by the introduction of best practices into the business.
	<ul style="list-style-type: none"> We aim to partner local and international environmental conservation agencies to assist the group in evaluating cheaper, sustainable and renewable energy sources and related funding for implementation. 		49-53	Initial discussions have been held with the local Sustainable Energy Authority as well as private sector entities on evaluation of sustainable and renewable energy sources
	<ul style="list-style-type: none"> We aim to be involved in public policy in relation to climate change and GHG emissions. 			
	<ul style="list-style-type: none"> We will progressively move towards converting existing facilities where possible to be more energy efficient buildings and mandate new developments to be governed by globally accepted standards such as LEEDS and Green Globe certifications. 		51	Currently all Sri Lankan resorts and city hotels and Chaaya Reef Ellaidhoo from the Maldivian sector are registered with Green Globe certification process out of which Cinnamon Lakeside and Chaaya Reef Ellaidhoo have already obtained certification. Chaaya Bey is currently registered with the USGBC and is aiming to obtain the LEEDS certification or silver level Completed. Continuous process.

Focus Area	Agenda for 2010/2011	Status	Reference Page	Further comments
Environmental Impact contd.	<ul style="list-style-type: none"> We will work towards achieving our goal as a group which is recognised as a pioneer in the hotel trade, to be a sustainable entity, setting an example to the community. We will aim to improve our best practices sustainably to comply with as many standards as possible while growing as a successful business within the second quarter of the year 2010. 		50-53	
	<ul style="list-style-type: none"> Staying in line with the Group's strategy to operate in a more sustainable manner, John Keells Logistics (Pvt) Ltd (JKLL) will embark on back haulage operations to minimise the carbon footprint of its operations. We plan to eliminate approximately 900km per week through back haulage operations, saving approximately 160 liters of fuel per week during the next financial year. Whilst we have already embarked on efficient fleet management practices supported by fleet management technologies, we plan to take forward discussions with our subcontractors and suppliers to develop the required foundation to support JKLL's migration towards more sustainable practices in logistics. 		52-56	
More than just a workplace	<ul style="list-style-type: none"> With the majority of our development programmes being instructor-led, we aim to offer e-based learning and development opportunities. 		65-67	
	<ul style="list-style-type: none"> By further reinforcing the learning culture we foster at the John Keells Group we will increase the number of hours utilised for training by all our employees in the future. 		65-67	
	<ul style="list-style-type: none"> We aim to improve the skills of supervisors on feedback giving and subordinates on receiving feedback and so, will increase the number of training session conducted on "Feedback Giving & Receiving". 		67	
Ethical business	<ul style="list-style-type: none"> Having worked on institutionalising the Group policy on child labour by developing and disseminating the related guidelines among the management and introducing systematic reporting processes via circulation of questionnaires, these will be verified through a quarterly compliance checklist with effect from 2010/11. 		69-70	
	<ul style="list-style-type: none"> HR departments will be conducting spot audits to ensure adherence to the Group's policy on child labour with strict instructions have been given to Outlet Managers to adhere to the following requirements pertaining to the employment of young workers as per applicable regulatory requirements, until such time as the said trainees turn 18. 		69-70	

Focus Area	Agenda for 2010/2011	Status	Reference Page	Further comments
Ethical business contd.	<ul style="list-style-type: none"> Having worked on institutionalising the Group policy on forced or compulsory labour by developing and disseminating the related guidelines among the management and introducing systematic reporting processes via circulation of questionnaires, these will be verified through a quarterly compliance checklist with effect from 2010/11. 		70	
	<ul style="list-style-type: none"> With regard to anti-corruption, we will aspire to increase our reach of exposure to our business partners thus establishing a code of business principles and be committed to establishing mutually beneficial relations with our suppliers, customers and business partners. 		71	
Health & Safety	<ul style="list-style-type: none"> We aim to form Safety Committees in all Group companies which will be responsible for compliance of the respective companies with the Occupation Health & Safety (OHS) policies formulated. 		73-75	
	<ul style="list-style-type: none"> The members of Safety Committees will undergo training programmes to develop and enhance their skills and knowledge in all aspects of basic OHS. 		73-75	
	<ul style="list-style-type: none"> We aim to communicate to group companies, the importance of conducting basic OHS awareness and prevention programs for staff, their families and the surrounding community and encourage them to conduct same. 		73-75	
	<ul style="list-style-type: none"> We aim to achieve our final goal which is for all group companies (other than IT/office industry groups) to obtain the OHSAS 18001 certification by March 2011. 		73-75	As against the last year the Group witnessed a 60% increase in the number of companies which are OHSAS certified
Our contribution	<ul style="list-style-type: none"> With the aim of strengthening the sustainability of the communities we engage with, we will continue to explore new opportunities to bring together community investment and engagement initiatives which are aligned with the Foundation's focus areas. 		77-103	
	<ul style="list-style-type: none"> With regard to English Language Scholarship Programme of John Keells Social Responsibility Foundation, we plan to shift our focus and re-introduce a foundation course aimed at schoolchildren aged 12-14 from various parts of the Island and continue to provide education facilities to different age groups of children and youth. 		82-85	
	<ul style="list-style-type: none"> We will focus on another deserving village in the country under the Village Adoption Project, while Cinnamon Lodge and Chaaya Village would continue to support the village of Halmillawe in the future. 		92-97	

Focus Area	Agenda for 2010/2011	Status	Reference Page	Further comments
Product stewardship	We aim to implement a mechanism where the number of fines for group companies will be tracked and investigated on a more regular basis. Through this we plan to present businesses with more opportunities for improvement in products and services and streamline its business processes accordingly.		105-107	

		
Completed	In Progress	Not completed



AGENDA 2011/12

Focus Area	Agenda for 2011/2012
Environmental Impact	<ul style="list-style-type: none"> Aim to achieve Green Globe Certification for all currently operating Sri Lankan City Hotels and Resorts as well as the Maldives Resorts by March 2012. Aim to achieve LEED Certification for the currently being constructed Chaaya Bey Hotel in Beruwela on completion by March 2013. Sri Lankan City Hotels and Resorts as well the Maldives Resorts will aim to conduct Energy Audits at each hotel in order to achieve the target of increasing energy efficiency. The Cinnamon Grand will aim to install a detailed sub-metering system in order to establish department-wise energy targets and achieve the goal of increasing energy efficiency. Sri Lankan City Hotels and Resorts as well the Maldives Resorts will aim to install energy efficient LED/CFL lighting, Solar panels heaters and Inverter type air conditioners on a replacement basis, as well as Ecogen systems which recover waste heat from air-conditioning units to produce hot water for guest rooms where applicable. All new retail outlets will be designed to maximise on natural lighting with the installations of skylights / glass panels and conversion of fluorescent light to include electronic ballasts. Retail Area Managers will aim to conduct internal energy audits for compliance of the initiatives rolled out and establish a reward programme where 20% of the savings achieved is shared amongst the respective staff of the outlet. Food & Beverage Sector will evaluate the usage of heat recovery of splash steam from the bottling plant to be used for the manufacturing line to reduce the furnace oil consumption in the boilers. The Group will aim to increase its overall energy efficiency through embracing greener technologies and improved energy management practices. All Group companies shall monitor emerging issues and keep abreast of regulatory changes, technological innovations and stakeholder interests with respect to bio-diversity. The Group shall carry out and support projects that conserve and raise awareness about the importance of maintaining the integrity of essential ecosystems. The Group will aim to monitor the impact on biodiversity hot spots due to increase in tourist inflow in resorts located nearby. The Group will aim to increase quantity of materials recycled and improve its recycling programmes. The Group will aim to improve the internal energy efficiency targets set by each business unit.
More than just a workplace	<ul style="list-style-type: none"> The Group will aim to roll-out the Manager Development programme and the Leadership development programme (AVP/ VP) which would deliver a total 1,100 on-line training hours in these categories. For middle management levels the Group will aim to offer a customised programme taking into consideration the expected level of competency and the technical skills required. This would be an 80 hours programme per participant and will be a development item every year in the training calendar. With respect to capability development the Group will aim to use the E- Learning platform to reach 1,000 Executives and above level employees over a period of 12 months.
Ethical Business	<ul style="list-style-type: none"> The Group will aim to formulate a child labour remediation policy and deploy it across to its relevant stakeholders.
Our Contribution	<ul style="list-style-type: none"> The Group will aim to improve its process to collect feedback and analyse impact on community for the various undergoing projects by the business units.

GRI INDEX

G3 Content Index							
	Application Level				Assured by		Global Compact
STANDARD DISCLOSURES PART I: Profile Disclosures							
1. Strategy and Analysis							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
1.1	Statement from the most senior decision-maker of the organisation.	Fully	Page 4-5				
1.2	Description of key impacts, risks, and opportunities.	Fully	Page 36				
2. Organisational Profile							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
2.1	Name of the organisation.	Fully	Page 6				
2.2	Primary brands, products, and/or services.	Fully	Page 10				
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Page 6				
2.4	Location of organisation's headquarters.	Fully	Page 6				
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Page 7-9				

G3 Content Index							
	Application Level				Assured by		Global Compact
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
2.6	Nature of ownership and legal form.	Fully	Page 6				
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Page 10				
2.8	Scale of the reporting organisation.	Fully	Page 10				
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	Page 10				
2.10	Awards received in the reporting period.	Fully	Page 11-12				
3. Report Parameters							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Page 28				
3.2	Date of most recent previous report (if any).	Fully	Page 28				
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Page 28				
3.4	Contact point for questions regarding the report or its contents.	Fully	Page 28				
3.5	Process for defining report content.	Fully	Page 28				
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Page 7-9				
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	Page 28				
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Fully	Page 28				

G3 Content Index							
	Application Level				Assured by		Global Compact
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Page 28				
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	Page 28				
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	Page 28				
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	Page 113-126				
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	Page 128-129				
4. Governance, Commitments, and Engagement							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	Page 19				
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Page 18				
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Fully	Page 17				
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Page 24-25				

G3 Content Index							
	Application Level				Assured by		Global Compact
4. Governance, Commitments, and Engagement							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Page 17				
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Fully	Page 22-23				
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Page 16				
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	Page 20				
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Page 22-23				
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	Fully	Page 29				
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Fully	Page 29				
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organisations in which the organisation: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	Page 25-27				

G3 Content Index							
	Application Level				Assured by		Global Compact
4. Governance, Commitments, and Engagement							
Profile Disclosure	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
4.14	List of stakeholder groups engaged by the organisation.	Fully	Page 29-30				
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	Page 31-34				
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Page 31				
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Fully	Page 25				
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)							
G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
DMA EC	Disclosure on Management Approach EC	Fully	Page 45				
Aspects	Economic performance	Fully	Page 45-47				
	Market presence	Not			Not applicable	B+ Report	
	Indirect economic impacts	Not					
DMA EN	Disclosure on Management Approach EN	Fully	Page 49-50				
Aspects	Materials	Not			Not applicable	B+ Report	
	Energy	Fully	Page 49-53				
	Water	Not			Not applicable	B+ Report	
	Biodiversity	Fully	Page 56				
	Emissions, effluents and waste	Fully	Page 54				
	Products and services	Not			Not applicable	B+ Report	
	Compliance	Fully	Page 58				
	Transport	Not			Not applicable	B+ Report	
	Overall						
DMA LA	Disclosure on Management Approach LA	Fully	Page 63				

G3 Content Index							
	Application Level				Assured by		Global Compact
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)							
G3 DMA	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	
Aspects	Employment	Fully	Page 63-64				
	Labour/management relations	Fully	Page 67				
	Occupational health and safety	Fully	Page 73-75				
	Training and education	Fully	Page 65-67				
	Diversity and equal opportunity	Fully	Page 70-71				
DMA HR	Disclosure on Management Approach HR	Fully	Page 69-71				
Aspects	Investment and procurement practices	Not			Not applicable	B+ Report	
	Non-discrimination	Not					
	Freedom of association and collective bargaining	Not					
	Child labour	Fully	Page 69-70				
	Forced and compulsory labour	Fully	Page 70				
	Security practices	Not			Not applicable	B+ Report	
	Indigenous rights	Not			Not applicable	B+ Report	
DMA SO	Disclosure on Management Approach SO	Fully	Page 77-81				
Aspects	Community	Fully	Page 81-103				
	Corruption	Fully	Page 71				
	Public policy	Not			Not applicable	B+ Report	
	Anti-competitive behavior	Not			Not applicable	B+ Report	
	Compliance	Not			Not applicable	B+ Report	
DMA PR	Disclosure on Management Approach PR	Fully	Page 105				
Aspects	Customer health and safety	Not			Not applicable	B+ Report	
	Product and service labelling	Fully	Page 106				
	Marketing communications	Fully	Page 106-107				
	Customer privacy	Not			Not applicable	B+ Report	
	Compliance	Fully	Page 107				

G3 Content Index							
	Application Level				Assured by		Global Compact
STANDARD DISCLOSURES PART III: Performance Indicators							
Economic							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Economic performance							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Page 45-46				
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Not			Not applicable	B+ Report	
EC3	Coverage of the organisation's defined benefit plan obligations.	Fully	Page 46-47				
EC4	Significant financial assistance received from government.	Not			Not applicable	B+ Report	
Market presence							
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	Not			Not applicable	B+ Report	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Not			Not applicable	B+ Report	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Not			Not applicable	B+ Report	
Indirect economic impacts							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Page 81-103				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Not			Not applicable	B+ Report	

G3 Content Index							
	Application Level				Assured by		Global Compact
Environmental							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Materials							
EN1	Materials used by weight or volume.	Not			Not applicable	B+ Report	
EN2	Percentage of materials used that are recycled input materials.	Not			Not applicable	B+ Report	
Energy							
EN3	Direct energy consumption by primary energy source.	Fully	Page 52-53				8
EN4	Indirect energy consumption by primary source.	Fully	Page 52-53				8
EN5	Energy saved due to conservation and efficiency improvements.	Not			Not applicable	B+ Report	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Not			Not applicable	B+ Report	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not			Not applicable	B+ Report	
Water							
EN8	Total water withdrawal by source.	Not			Not applicable	B+ Report	
EN9	Water sources significantly affected by withdrawal of water.	Not			Not applicable	B+ Report	
EN10	Percentage and total volume of water recycled and reused.	Not			Not applicable	B+ Report	
Biodiversity							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Page 60				8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not			Not applicable	B+ Report	
EN13	Habitats protected or restored.	Not			Not applicable	B+ Report	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not			Not applicable	B+ Report	

G3 Content Index							
	Application Level				Assured by		Global Compact
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not			Not applicable	B+ Report	
Emissions, effluents and waste							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Page 54-56				8
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not			Not applicable	B+ Report	8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Not			Not applicable	B+ Report	
EN19	Emissions of ozone-depleting substances by weight.	Not			Not applicable	B+ Report	
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not			Not applicable	B+ Report	
EN21	Total water discharge by quality and destination.	Not			Not applicable	B+ Report	
EN22	Total weight of waste by type and disposal method.	Not			Not applicable	B+ Report	
EN23	Total number and volume of significant spills.	Not			Not applicable	B+ Report	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not			Not applicable	B+ Report	
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not			Not applicable	B+ Report	
Products and services							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Not			Not applicable	B+ Report	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not			Not applicable	B+ Report	
Compliance							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Page 58				8

G3 Content Index							
	Application Level				Assured by		Global Compact
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Transport							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Not			Not applicable	B+ Report	
Overall							
EN30	Total environmental protection expenditures and investments by type.	Not			Not applicable	B+ Report	
Social: Labour Practices and Decent Work							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Employment							
LA1	Total workforce by employment type, employment contract, and region.	Fully	Page 63-64				
LA2	Total number and rate of employee turnover by age group, gender, and region.	Fully	Page 64-65				⑥
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Not			Not applicable	B+ Report	
Labour/management relations							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Page 67				① ③
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not			Not applicable	B+ Report	
Occupational health and safety							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Not			Not applicable	B+ Report	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	Fully	Page 74				①

G3 Content Index							
	Application Level				Assured by		Global Compact
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
LA8	Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Page 74-75				①
LA9	Health and safety topics covered in formal agreements with trade unions.	Not			Not applicable	B+ Report	
Training and education							
LA10	Average hours of training per year per employee by employee category.	Fully	Page 65-67				
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Not			Not applicable	B+ Report	
LA12	Percentage of employees receiving regular performance and career development reviews.	Fully	Page 67				
Diversity and equal opportunity							
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Not			Not applicable	B+ Report	
LA14	Ratio of basic salary of men to women by employee category.	Not			Not applicable	B+ Report	
Social: Human Rights							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Diversity and equal opportunity							
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not			Not applicable	B+ Report	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Not			Not applicable	B+ Report	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not			Not applicable	B+ Report	

G3 Content Index							
	Application Level				Assured by		Global Compact
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Non-discrimination							
HR4	Total number of incidents of discrimination and actions taken.	Not			Not applicable	B+ Report	
Freedom of association and collective bargaining							
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Not			Not applicable	B+ Report	
Child labour							
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Fully	Page 69-70				1 2 5
Forced and compulsory labour							
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Fully	Page 70-71				1 2 4
Security practices							
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Not			Not applicable	B+ Report	
Indigenous rights							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Not			Not applicable	B+ Report	
Social: Society							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Community							
SO1	Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	Page 77-103				

G3 Content Index							
	Application Level				Assured by		Global Compact
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Corruption							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Page 71				⑩
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Not			Not applicable	B+ Report	
SO4	Actions taken in response to incidents of corruption.	Not			Not applicable	B+ Report	
Public policy							
SO5	Public policy positions and participation in public policy development and lobbying.	Not			Not applicable	B+ Report	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Not			Not applicable	B+ Report	
Anti-competitive behaviour							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Not			Not applicable	B+ Report	
Compliance							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Not			Not applicable	B+ Report	
Social: Product Responsibility							
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Customer health and safety							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not			Not applicable	B+ Report	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not			Not applicable	B+ Report	

G3 Content Index							
	Application Level				Assured by		Global Compact
Performance Indicator	Description	Reported	Cross-reference/ Direct answer	If applicable, indicate the part not reported	Reason for Omission	Explanation	
Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Page 105-106				8
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Not			Not applicable	B+ Report	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Not			Not applicable	B+ Report	
Marketing communications							
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	Page 106-107				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Not			Not applicable	B+ Report	
Customer privacy							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Not			Not applicable	B+ Report	
Compliance							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Page 107				



Statement GRI Application Level Check

GRI hereby states that **John Keells Holdings PLC** has presented its report "John Keells Holdings PLC Sustainability Report 2010/11" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 20 May 2011

A handwritten signature in blue ink, appearing to read "Nelmara Arbex".

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because John Keells Holdings PLC has submitted this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 16 May 2011. GRI explicitly excludes the statement being applied to any later changes to such material.

ASSURANCE STATEMENT



INTRODUCTION

Det Norske Veritas AS (DNV) has been commissioned by the management of John Keells Holdings PLC (JKH) to carry out an assurance engagement on the Company's 2010 -11 Sustainability Report (the Report) in its printed format against the Global Reporting Initiative (GRI) 2006 Sustainability Reporting Guidelines Version 3.0 (G3) and AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS 2008).

JKH is responsible for the collection, analysis, aggregation and presentation of information within the Report. Our responsibility in performing this work is to the management of JKH only and in accordance with terms of reference agreed with the Company. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. This statement is intended for the management and stakeholders of JKH.

Scope of Assurance

The scope of work agreed upon with JKH included the following:

- Verification of the entire Report covering social, environmental and economic indicators for the period 1st April 2010 to 31st March 2011;
- Verification in accordance with the requirements for a Type 2 and Moderate Level engagement, and evaluation of specified sustainability performance information in accordance with the requirements of AA1000AS (2008) detailed below:
 - Information relating to company's sustainability issues, responses, performance data, case studies and underlying systems for the management of such information and data;
 - Information relating to company's materiality assessment and stakeholder engagement processes;

- The boundary of the report covers 76 companies under John Keells Holdings PLC, based on management control and /or significant influence as explained in the Report;
- The work was performed at
 - JKH Head office and Sectoral Head Offices at Colombo
 - Manufacturing facility, M/s Chemical Industries (Colombo) PLC at Colombo
 - JKH Warehouse Logistic Facility at Colombo outskirt
- DNV carried out the verification during April 2011;
- The report was checked for meeting the requirements of GRI Application Level 'B'.

VERIFICATION METHODOLOGY

Our assurance engagement was planned and carried out in accordance with the DNV Protocol for Verification of Sustainability Reporting, which draws on the GRI G3 and AA1000AS 2008. As part of the verification DNV has challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls. We have:

- Examined and reviewed documents, data and other information made available to DNV by JKH;
- Visited the Head-Office and Sectoral Head Offices as well as the manufacturing facility (CIC) and Warehouse at Colombo for the purpose of verifying qualitative and quantitative information presented in this Report;
- Conducted interviews with Senior Management at JKH's Head Office and eight (8) of the Sectoral Head Offices, including data owners, decision-makers and risk managers from different divisions and functions of the Company;
- Performed sample-based reviews of the mechanisms for implementing the Company's own sustainability-related policies, as described in the Report, and for determining material issues to be included in the Report;

- Performed sample-based checks of the processes for generating, gathering and managing the quantitative and qualitative data included in the Report;
- Reviewed the process of acquiring information and economic data from the financial data presented in the 2010-11 certified annual report.

CONCLUSIONS

In DNV's opinion, the Report is a fair representation of the Company's sustainability-related strategies, management systems and performance. The Report meets the general content and quality requirements of the GRI G3, and DNV confirms that the GRI requirements for Application Level 'B+' have been met. We have evaluated the Report's adherence to the following principles on a scale of 'Good', 'Acceptable' and 'Needs Improvement':

AA1000AS (2008) PRINCIPLES

Inclusivity: Acceptable. The Company had engaged themselves in dialogue with selected stakeholders during the year through different channels. The material issues emerging from the stakeholder engagement were collected, prioritised and the results are reflected in the report. Reference is made to the issue-based stakeholder engagement process which shall require / may need a re-visit in context to addressing the inclusiveness of its major stakeholder base, Supply Chain Partners.

Materiality: Acceptable. The process developed internally captures key sustainability issues. The completeness of materiality assessment process at both sectoral and group levels may need to be focused further to bring out sustainability issues with short, medium and long term impacts.

Responsiveness: Acceptable. The Company has adequately responded to stakeholder concerns through its policies and management systems, and this is reflected in the Report.

Reliability: Acceptable. We have evaluated the reliability of specified sustainability performance information and found it to be acceptable. The Company has developed its own data management system for capturing and reporting its sustainability performance. Although no systematic errors have been detected, DNV has identified some manual discrepancies which have subsequently been corrected.

ADDITIONAL PRINCIPLES

Completeness: Acceptable. The Report covers 22 core performance indicators required for the GRI G3 Level 'B' and that are material within the Company's reporting boundary. The Report gives a detailed description of the limitations in scope and boundary. The Company may consider increasing the scope and boundary to bring in business partners and suppliers who are significant, considering the nature of JKH's business.

Neutrality: Good. The Company has reported sustainability related issues in a balanced manner, in terms of content and tone. Challenges and limitations are presented together with commitments to future improvements.

OPPORTUNITIES FOR IMPROVEMENT

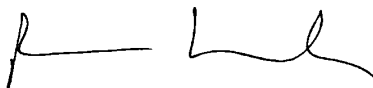
The following is an excerpt from the observations and opportunities reported back to the management of JKH. However, these do not affect our conclusions on the Report, and they are indeed generally consistent with the management objectives already in place.

- A structured approach to evaluate and monitor the sustainability risks in the supply chain and outsourced activities of the company in its Sri Lanka and overseas operations will help in mitigating risks (if any) related to labour and human rights issues.
- To further enhance the quality and reliability of the performance data, an internal benchmarking of best practices could ensure knowledge sharing among data-owners and decision-makers and improve the consistency of data aggregation system;
- In view of Sri Lanka's currently stable socio-political scenario, the company has surpassed its performance in business sectors like Leisure, Hotel and Resorts; it would be worthwhile if JKH reinforces its environmental footprint in assessing and mitigating the impact on bio-diversity (if any) due to increase in tourist inflow in company-owned properties;
- The boundary of the Report may be progressively expanded to include its business partners and suppliers over which JKH has influence, in order to provide a more complete report.

DNV'S COMPETENCE AND INDEPENDENCE

DNV provides sustainability risk management services through qualified specialists worldwide. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV did not provide any services to JKH during 2010-11 that could conflict with the independence of our work. DNV expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement.

For Det Norske Veritas AS,



Prasun Kundu
Lead Verifier
Det Norske Veritas AS



Antonio Astone
Reviewer
Global Manager, Corporate Responsibility Services
Det Norske Veritas AS

12th May 2011, Kolkata, India



AA1000
Licensed Assurance Provider
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ANNEX 1 – ECONOMIC VALUE STATEMENT

Rs. Millions For the year ended 31 March	Transportation		Leisure		Property		Consumer Foods & Retail		
	2011	2010	2011	2010	2011	2010	2011	2010	
Direct economic value generated									
Revenue	13,775	9,785	15,294	12,539	2,707	1,821	18,868	16,318	
Interest income	72	69	488	292	29	36	10	14	
Dividend income	5	14	263	250	81	49	-	-	
Share of results of associates	2,140	2,158	-	-	-	-	-	-	
Profit on sale of assets & other income	220	94	136	342	56	26	380	298	
Valuation gain on IP	-	-	230	-	1,126	-	-	-	
	16,212	12,120	16,411	13,423	3,999	1,932	19,258	16,630	
Economic value distributed									
Operating costs	12,509	9,116	8,526	7,393	1,750	1,282	15,490	13,256	
Employee wages & benefits	509	416	2,266	2,066	140	127	1,891	1,740	
Payments to providers of funds	157	135	1,734	1,654	315	465	238	285	
Payments to government	194	115	837	791	67	53	1,149	917	
Community investments	2	(4)	9	6	1	-	7	5	
	13,371	9,778	13,372	11,910	2,273	1,927	18,775	16,203	
Economic value retained									
Depreciation	124	107	838	912	10	10	440	381	
Amortisation	14	14	374	149	-	-	-	163	
Profit after dividends	2,703	2,222	1,827	451	1,716	(4)	43	(118)	
Retained for reinvestment / growth	2,841	2,343	3,039	1,512	1,726	6	483	426	

	Financial Services		Information Technology		Others		Total		Eliminations/ Adjustments		Group Total			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	%	2010	%
	6,589	5,332	3,336	1,599	3,341	3,348	63,910	50,742	(3,410)	(2,762)	60,500	86.69	47,980	86.29
	1,712	1,590	6	12	775	1,231	3,092	3,244	(344)	(297)	2,748	3.94	2,947	5.30
	17	4	-	-	3,571	3,598	3,937	3,915	(3,874)	(3,871)	63	0.09	44	0.08
	607	413	(23)	(13)	(83)	(2)	2,641	2,556	-	-	2,641	3.78	2,556	4.60
	633	314	50	18	2,423	939	3,898	2,031	(531)	44	3,367	4.82	2,075	3.73
	-	-	-	-	23	-	1,379	-	(911)	-	468	0.67	-	-
	9,558	7,653	3,369	1,616	10,050	9,114	78,857	62,488	(9,070)	(6,886)	69,787	100.00	55,602	100.00
	6,828	5,488	3,008	1,067	2,310	2,235	50,421	39,837	(2,915)	(2,510)	47,506	68.07	37,327	67.13
	921	740	513	464	633	585	6,873	6,138	-	-	6,873	9.85	6,138	11.04
	578	52	10	121	2,708	3,053	5,740	5,765	(2,258)	(2,200)	3,482	4.99	3,565	6.41
	558	627	127	60	262	343	3,194	2,906	-	-	3,194	4.58	2,906	5.23
	2	1	1	2	24	20	46	30	-	-	46	0.07	30	0.05
	8,887	6,908	3,659	1,714	5,937	6,236	66,274	54,676	(5,173)	(4,710)	61,101	87.55	49,966	89.86
	116	88	39	47	133	192	1,700	1,737	-	-	1,700	2.44	1,737	3.12
	187	187	21	5	13	7	609	525	-	16	609	0.87	541	0.97
	368	469	(350)	(150)	3,967	2,677	10,274	5,547	(3,897)	(2,189)	6,377	9.14	3,358	6.04
	671	744	(290)	(98)	4,113	2,876	12,583	7,809	(3,897)	(2,173)	8,686	12.45	5,636	10.14



ANNEX 2

In addition, many companies of the John Keells Group engaged in **education-related initiatives** as part of their community service activities, including the following:

- Ceylon Cold Stores donated sports kits and nutritional food, held coaching camps and provided accident insurance cover for the benefit of athletes of Hanwella Central College numbering 20 persons.
- Chaaya Blu donated books to pre-school children in Trincomalee and Sampalivu benefiting respectively 100 and 500 economically disadvantaged students; donated lunch packets to children from the Ratmalana School for the Deaf and Blind during their educational tour of Trincomalee.
- Chaaya Citadel organised a programme on table etiquette for 30 school children.
- Chaaya Island Dhonweli organised an educational tour of the hotel for grade 10 students of Huraa school, benefiting 24 students and 4 teachers; organised a pastry demonstration for children which concentrated on cake decoration.
- Chaaya Lagoon Hakuraa Huraa painted a school in Kolhufushi, benefiting 15 students; trained 10 technicians with the help of the General Manager and Engineer of the resort; organised an educational programme during World Environment Week, benefiting approximately 200 people.
- Chaaya Reef Ellaidhoo organised a programme on hotel operations for 30 Hannameedhoo students by the management team of the hotel.
- Chaaya Village held an art competition at the hotel among schoolchildren of Hiriwadunna junior school to commemorate World Children's day.
- Cinnamon Grand hosted 65 children from the Kinder Care House of Children and over 80 children from Sujatha Vidyalaya to traditional activities at Nuga Gama and enjoyed traditional New Year sweet meats; entertained the boys of the Don Bosco's Children's Home during the Christmas Season for a day of fun and games for the fifth successive year; hosted a team of students from Ladies' College as part of their culinary and cookery tutelage where the team participated in a culinary experience at London Grill; donated dry rations to Vajira Sri Children's Home – infant section; hosted the 'Hot, Hot, Hot!' show, the third collaboration with Koluu, proceeds of which were donated to the Chitra Lane organisation, a government approved charity under the purview of the welfare society of children; hosted 40 kids from Little Enquirer of the Daily Mirror at Nuga Gama for World Children's Day.
- Cinnamon Lodge organised a programme to celebrate World Children's Day for the benefit of 50 students of Palugaswewa; repaired the air-conditioners of the Palugaswewa School Computer Centre; donated 100 exercise books to students of Hiriwadunna school; facilitated a visit by teachers and students of Ibbagamuwa Education Zone benefiting 35 persons; organised a geographical quiz contest for students to commemorate World Tourism Day; donated school requirements to children to commence schooling at Meegaswewa School, which was previously closed due to insufficient students.
- John Keells Logistics Limited together with the Peliyagoda Municipal Council donated over 11,000 exercise books amongst school children from low income families in the area in the presence of children, parents and distinguished guest from the area. This event was sponsored by John Keells Logistics for the fourth successive year.
- Tea Smallholder Factories PLC held a one-day educational programme on the Tea industry and its processes, which included a tour of the Karawita tea factory for 68 Agriculture students of the Eastern University; donated Rs. 15,000- via the welfare society of Karawita Tea Factory to the Karawita Junior school for an extension of a building. The extension meant the construction of new classrooms which impacted 200 students of the village. The company also concluded its project to sponsor 50% of the electricity bill payments for the computer lab of Bengamuwa Maha Vidyalaya which continued for a period of six months commencing September 2009 and ending May 2010; sponsored the transportation costs of Meth Mihira children's day trip.

ANNEX 3

In addition, many companies of the John Keells Group engaged in health-related initiatives as part of their community service activities, including the following:

- Chaaya Citadel donated Rs. 126,900/- to the Kandy Kydney Protection Society, benefiting 120 persons; conducted HIV/AIDS awareness sessions at the Sri Lanka Air Force base in Diyathalawa, benefiting 725 persons.
- Chaaya Island Dhonweli organised a lecture with the assistance of a group of Australian doctors (who were guests at the resort) for all local hospital doctors at Hulu Male Hospital on general awareness which also included a Q&A session; organised a blood donation camp with the National Blood Transfusion Services where over 45 members of staff participated to fulfill the urgent requirement of blood at the Blood Bank of Maldives; organised an HIV/AIDS Awareness programme in collaboration with the Centre for Community Health and Disease Control and SHE – an NGO in the area -benefiting over 120 resort associates and their families.
- Cinnamon Grand hosted the World Breast Cancer Awareness Day conference with the participation of the first lady Mrs. Shiranthi Rajapakse and also designed and launched the Breast Cancer Awareness Book in collaboration with the National Cancer Control Programme; sponsored the Sri Lanka Ostomy Conference event with a press conference and tea, where the Minister of Health, leading consultants, and members of the Lions Club as well as patients were present; was the hospitality partner for the Alzheimer Day walk, where breakfast for all the participants was sponsored by the hotel and the walk started off from the hotel premises; launched the Diabetic Menu on World Diabetes Day, in response to growing concerns about the escalating health threat that diabetes poses.
- Cinnamon Lakeside cleaned the area between the hotel fence and the lake as a dengue prevention measure.
- Cinnamon Lodge provided snacks and tea for a blood donation campaign for the villagers of Habarana. The HIV/AIDS Committee of Cinnamon Lodge collaborated with the Foundation's HIV/AIDS Awareness Campaign by holding several community outreach programmes.
- Chaaya Village painted the Horiwila Native hospital as part of the reconstruction work being carried out at the hospital; organised an HIV/AIDS Awareness programme at the hotel to benefit its employees.
- Tea Smallholder Factories conducted a health camp where a general physical examination took place to screen non-communicable diseases with the participation of the MOH and PHI, for the benefit of 60 persons. At the same time, 76 persons in Karawita were provided with the AH1N1 vaccination. The Broadlands Tea Factory conducted a Health Camp where a general physical examination as well as dental examination took place with the participation of 2 General Physicians and a Dentist from the Nawalapitiya Hospital, for the benefit of 295 persons. Similarly, the Hingalgoda Tea Factory and the Kurupanawa Tea Factory conducted Health Camps which benefited 467 and 555 persons, respectively.



ANNEX 4

Engaging employees and communities in protecting the environment has been one of the John Keells Group's most keenly-supported volunteering activities. Many of the companies of the Group engaged in environment related initiatives as part of their community service activities, including the following:

- Ceylon Cold Stores engaged in cleaning and maintenance of the banks of Depa Ela canal and landscaping and maintenance of trees planted in 2008 in Mahawela located on the Ranala Habarakada road; constructed 2 toilets and 16 masonry structures for trees at the Kanneliya forest reserve; planted 25 Kabaranga trees (recommended by the Road Development Authority) in the Nawagamuwa area.
- Chaaya Blu rehabilitated a polluted water pond that benefited 300 residents of Sampaltivu.
- Chaaya Island Dhonweli carried out a tree planting campaign and an Island cleaning campaign with the participation of guests and staff to celebrate World Tourism Week.
- Chaaya Lagoon Hakuraa Huraa rehabilitated the lagoon during World Tourism Week, impacting 65 people directly and indirectly; created a new island which benefited 15 persons.
- Chaaya Village carried out rehabilitation work in the Habarana Lake by the removal of debris accumulated.
- Cinnamon Grand planted a sapling on World Environment Day, with the participation of Bollywood star Vivek Oberoi, and IIFA dignitaries.
- Cinnamon Lakeside was involved in the tree planting campaign to commemorate World Environment Day.
- Cinnamon Lodge planted 100 trees to commemorate the World Environment Day; participated in the rehabilitation activities of the Habarana Lake.

ANNEX 5

In addition, many of the John Keells Group companies engaged in community service activities, including the following:

- Ceylon Cold Stores has commenced developing the village of Mangalagama in the Ampara District as a cashew planting village and funded the cashew farmers in collaboration with Commercial Bank. This will help increase the income of farmers since the processing is also proposed to be done in the village.
- Chaaya Blu organized a dansala at the Koneswaram Temple on Vesak day, which benefited 500 pilgrims.
- Chaaya Lagoon Hakuraa Huraa – Atoll office maintenance project
- Chaaya Reef Ellaidhoo donated organic fertilizer bags produced by the resort to 25 families.
- Chaaya Village carried out a one-day programme at the Dambulla Elders' Home where staff was involved in engaging with the elders and donating food worth Rs. 25,000/-.
- Cinnamon Grand was the hospitality partner for the Shilpa Arts Festival where children displaced by the Tsunami displayed their talents through works of art; in association with The Animal Welfare Association of Sri Lanka hosted the annual awareness raising campaign cum press conference for the second consecutive year, to mitigate animal cruelty and garner support towards this cause. The event was attended by Sri Lanka's leading animal activists, and the first lady Shiranthi Rajapakse; made a monthly donation of dry rations to the Dias Home for the Aged in Wellampitiya throughout the year; donated 75 packs of rice and curry to the Salvation Army for Christmas; donated snacks and drinks to bolster the spirits of 96 abused girls and women in Borella.
- Cinnamon Lakeside donated dry rations worth of Rs. 7,000/- to Sunanda Foundation; organized a Christmas party for autistic children; Accounts staff visited the Granville Memorial Children's Development Centre at Kelaniya where they shared their time and donated some gifts; HR team donated 3 ceiling fans and school requirements to the Methsarana Children's Rehabilitation home and held a tea party for them; repaired and painted the children's play equipment at the De Mel Park.
- Cinnamon Lodge launched the Detha Saviya farm project; donated discarded linen items to an Elder's Home in Dambulla and to the Jaffna Army Camp; donated used cutlery, crockery and furniture to the Habarana Police Station.
- Tea Smallholder Factories donated roofing sheets worth Rs. 32,000/- for the reconstruction of a praja shala (community centre) in Batuwangala.
- Yala Village constructed new sanitary facilities for the benefit of 50 safari jeep drivers.



ANNEX 6

DISASTER RELIEF AND PHILANTHROPIC INITIATIVES

In addition, many of the John Keells Group companies engaged in disaster relief activities, including the following:

- Chaaya Blu constructed a house for a tsunami-affected family of five in Nilaweli; provided flood relief items to those affected in Trincomalee and Sampaltivu, benefiting 75 and 12 persons respectively.
- Cinnamon Grand donated funds to the Cancer Foundation to help in the construction of a transit home for cancer patients and their relatives who have to visit the Cancer Hospital in Maharagama
- Cinnamon Lakeside donated 10 elbow crutches to war heroes at Ranaviru Sevana (a welfare society for Sri Lankan Army personnel) to commemorate War Heroes Week, with a view to assist their rehabilitation; donated water bottles and dry rations to Gangarama Collection Centre for flood relief; prepared food for distribution in flood affected areas via the Ratmalana Air Force base; painted the shrine room, dining room and accommodation area of the YMBA Elder's Home in Colombo 2; donated items of crockery and cutlery to the Regimental Headquarters of Gemunu Watch at Kuruwita to be used by disabled soldiers.
- Habarana Lodge donated meals worth Rs. 17,000/- as disaster relief for those at the Habarana Relief Camp; donated drinking water to those affected in Sooriyagama; donated milk powder worth Rs. 10,000/- to those in Welikanda Camp.

