

Sustainability Integration

Stakeholder Engagement Process

The John Keells Group carries out its stakeholder engagement by first identifying the perceived issues faced by the stakeholders of the Group and its operating companies. These issues are subsequently validated and any further issues are identified through an independent stakeholder engagement process carried out in accordance with the AA 1000 Stakeholder Engagement Standard. The Group carries out its stakeholder engagement process for its internal and external stakeholders separately, with the staff's concerns being

assessed through a Voice of Employee (VOE) Survey on a randomly selected sample of employees through an e-platform, with survey results being shared with all employees.

Engagement of Significant Stakeholders

The Group's significant stakeholders are customers, employees, communities, investors, governments, legal and regulatory bodies, business partners, suppliers or principals, society, pressure groups and media, and industry peers or competitors who have the

ability to influence its outcomes or to be substantially impacted by the Company's operations.

Engagement with stakeholders encompasses a range of activities and interactions that include formal and informal consultations, participation, negotiations, communication, mandatory and voluntary disclosures, certification, and accreditation. The mode and frequency used for each stakeholder group is as follows.

Customers - Individual & Corporate B2B

Method 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

Frequency of engagement:

- Quarterly through Customer Satisfaction Surveys
- On-going basis through information dissemination through printed reports, telephone, SMS, e-mail and corporate website
- Bi-annually through personal meetings
- Annually through road shows and trade fairs

Employees - Directors, Executives, Non-Executives

Method 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

Frequency of engagement:

- Intranet communications through JK Connect and My Portal on a daily basis
- Bi-annual performance review and skip level meetings
- Employee satisfaction surveys and dip stick surveys, such as VOE (Voice Of Employee) conducted annually
- Professional training, development activities and team building through internal as well as external sources conducted at least annually

Community - Neighbours, Community, Community Leaders

Method of engagement:

- Corporate Social Responsibility programmes and activities, community educational and information dissemination programmes, one-to-one meetings, workshops, forums

Frequency of engagement:

- Engagement with the community is carried out prior to entry into the community area
- Engagement is then carried out on a monthly basis while operating
- Community engagement is also carried out on exit

Investors - Institutional, Fund Managers/Analysts, Lenders, Multilateral Lenders

Method of engagement:

- Periodic disclosures through annual reviews and quarterly reports, one-to-one meetings, investor road shows, phone calls and corporate websites

Frequency of engagement:

- Annual disclosures
- Quarterly reports
- Regular Investor road shows
- On-going through phone calls, e-mail, written communication and websites

Government, Government Institutions and Departments

Method of engagement:

- Meetings, discussions, newsletters and circulars, presentations and briefings, advisory meetings, membership on national committees, lobbying activities via chambers of commerce

Frequency of engagement:

- Engagement with the Government is carried out on an on-going basis through meetings, business forums, newsletters and circulars. The senior management are members of bodies such as the Chamber of Commerce who meet on a monthly basis

Legal & Regulatory Bodies

Method of engagement:

- Regular meetings, periodic disclosures, correspondence, representation through chambers of commerce and trade associations with bodies such as local authorities, municipal councils and other institutions such as the Consumer Affairs Authority, Department of Inland Revenue, Customs Department, Securities & Exchange Commission, Colombo Stock Exchange and Tourist Board of Sri Lanka

Frequency of engagement:

- Engagement with the legal and regulatory bodies is carried out on an on-going basis as the senior management are members of chambers and industry associations that meet at least on a quarterly basis

Business Partners, Principals and Suppliers

Method of engagement:

- Regular meetings, distributor conferences, correspondence, monthly market reports, engagement as part of the transparent and well established sourcing mechanism for all high value items sourced by Group, conference calls and e-mails, circulars, membership in industry associations

Frequency of engagement:

- Regular market reports at minimum on a monthly basis
- Annually through distributor conferences
- Annually through contract renegotiations
- On-going through conference calls, e-mails and circulars

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Society, Media, Pressure Groups, NGOs, Environmental Groups

Method of engagement:

- Correspondence, website, press releases, media briefings, discussions, participation at NGO forums, media coverage, certification and accreditation

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

Industry Peers & Competition

Method of engagement:

- Communication through membership of chambers of commerce and trade associations, conferences, discussion forums

Frequency of engagement:

- Engagement with the industry peers /competitors is carried out regularly through the participation of senior management in various policy making bodies as mentioned in section "Memberships maintained by Industry Groups"

Key Sustainability Concerns

Based on the continuous monitoring carried out across print and electronic media, no adverse reports relating to environmental and social concerns pertaining to the Group or its companies have been highlighted during the reporting year.

However, to further ascertain any material issues to both the Group and its significant stakeholders, a third-party stakeholder engagement mentioned in the "Stakeholder Engagement Process" section of the report was carried out during the year in review.

The primary concern of shareholders is to ensure they obtain a return on their investment and for such returns to be continued in the long run. As such, in addition to the overall economic performance of the Group, such investors would also consider the sustainability of the organisation vis-à-vis environmental performance, social performance and corporate governance.

Society, pressure groups and regulatory authorities constantly assess the operations of corporates with regard to the responsible utilisation of resources, conservation of bio diversity and environmental protection through proper waste management and discharge methods. The recently concluded stakeholder engagement has identified a few low impact environmental concerns which are now in the process of being addressed.

Staying in line with the Group's corporate philosophy, great importance is placed on developing the communities within which it operates. These communities in turn rely on the larger corporates such as the John Keells Group to carry out corporate social responsibility initiatives and engage with them. In addition, as an outcome of the Group's constant engagement with its employees, training and retention of talent was identified during the reporting year by employees.

As in the past, the Group's primary response to the concerns raised by stakeholders has been through its annual sustainability report. During

the year, the Group has made changes to its policy frameworks and management approach with a view to reducing and controlling its impacts. This was carried out on the basis of the topics identified through stakeholder engagements as well as through perceived areas of risk as identified through the risk management process, the internal audit process and the operations at business units.

Mapping of Stakeholder Concerns to Sustainability Aspects

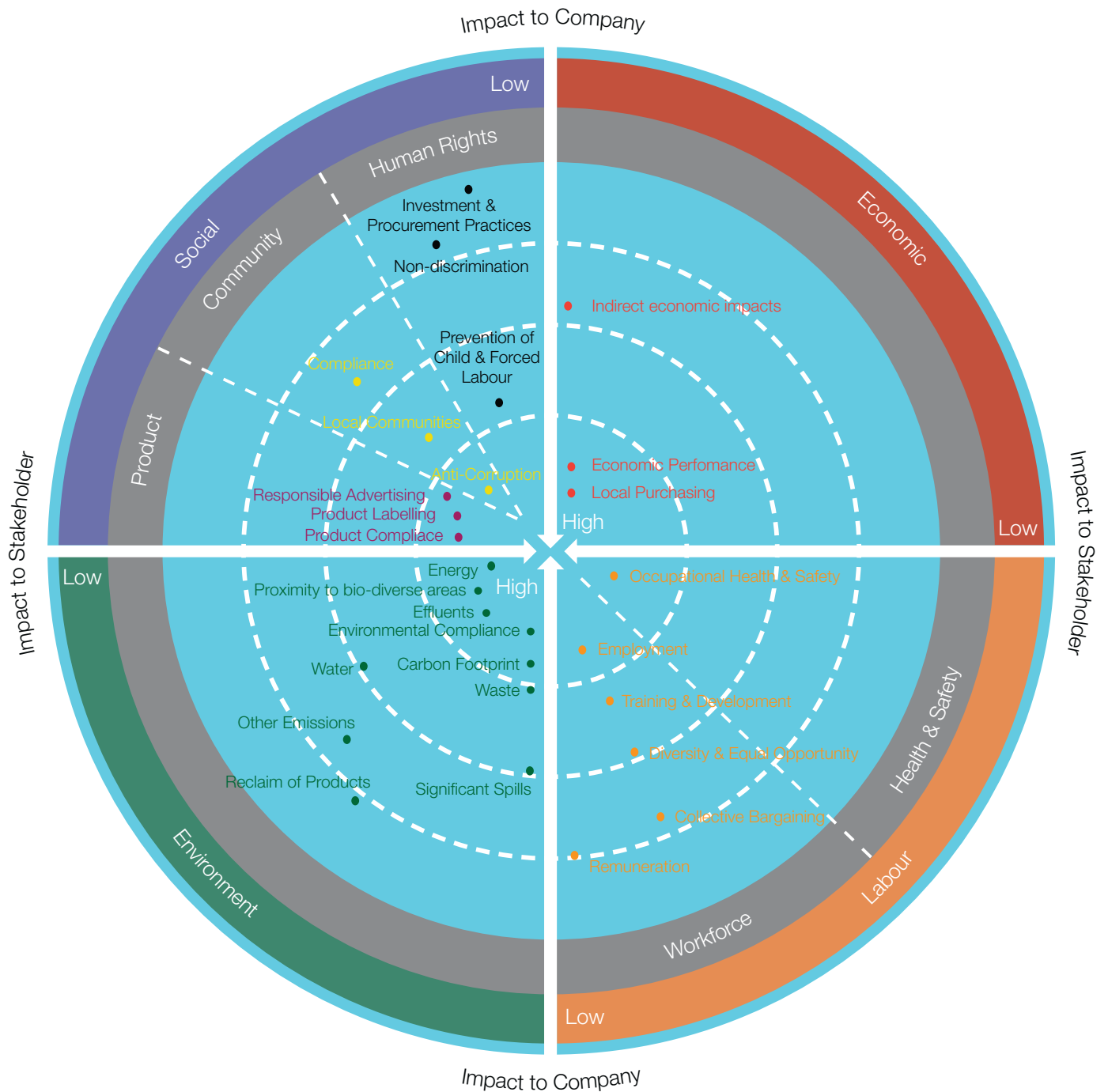
Continuing from the previous year, the Group has reported on 30 GRI (G3.1) Sustainability Performance Indicators. The material issues that emerged through the 2012 stakeholder engagement are captured within the selected indicators.

The 2010/11 Sustainability Report drew specific reference to the need for reporting of EN17, EN21 and EN22, which however could not be reported on at that time due to data gathering processes not being in place. While the processes for EN21 and EN22 were implemented last year and the performance of which was reported, the Group is currently

implementing the systems and processes required for reporting EN17.



30 GRI Sustainability Performance Indicators



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Mapping of Sustainability Aspects to Performance Indicators

Economic	<ul style="list-style-type: none"> Economic Performance - EC1, EC3 Local Purchasing - EC6 Indirect Economic Impacts - EC8 		
Environment	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;"> <ul style="list-style-type: none"> Energy - EN3, EN4, EN5 Proximity to Biologically Diverse Areas - EN11 Effluents - EN21 Significant Spills - EN23 </td> <td style="width: 50%;"> <ul style="list-style-type: none"> Water - EN8 Carbon Footprint - EN16 Waste - EN22 Environmental Compliance - EN28 </td> </tr> </table>	<ul style="list-style-type: none"> Energy - EN3, EN4, EN5 Proximity to Biologically Diverse Areas - EN11 Effluents - EN21 Significant Spills - EN23 	<ul style="list-style-type: none"> Water - EN8 Carbon Footprint - EN16 Waste - EN22 Environmental Compliance - EN28
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Employees	<ul style="list-style-type: none"> Employment - LA1, LA2 Labour/Management Relations - LA4 Training & Development - LA10 Diversity & Equal Opportunity - LA12, LA13 Occupational Health & Safety - LA7, LA8 		
Ethical Business & Human Rights	<ul style="list-style-type: none"> Anti-corruption - S02 Compliance - S08 Prevention of Child Labour - HR6 Prevention of Forced & Compulsory Labour - HR7 		
Product Responsibility	<ul style="list-style-type: none"> Product Labelling - PR3 Responsible Advertising - PR6 Product Compliance - PR9 		
Social Responsibility	<ul style="list-style-type: none"> Local Community - S01 		



Constant engagement with our stakeholders

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