

# **SUSTAINABILITY INTEGRATION, STAKEHOLDER ENGAGEMENT AND MATERIALITY**



**JOHN KEELLS HOLDINGS PLC**  
Annual Report 2022/23

# SUSTAINABILITY INTEGRATION, STAKEHOLDER ENGAGEMENT AND MATERIALITY

The Group remains steadfast in its commitment to being responsible and conducting operations in a sustainable manner whilst focusing on environmental, social and governance aspects.

Sustainable practices remain a strategic priority of the Group and this is ensured through embedding sustainability into day to day operations.

## OUR APPROACH

The Group has in place a sound sustainability integration process, management framework and sustainability organisational structure through which sustainable practices are embedded in the Group's operations.

### Sustainability Integration Process



The Group's well-established sustainability integration processes and its Sustainability Management Framework (SMF) works alongside other key functions and management systems such as human resources, health and safety and product responsibility processes, as well as risk management, internal audit, legal and statutory compliance and corporate social responsibility initiatives. The SMF is updated on a continuous basis to incorporate changing requirements and updates to the global sustainability landscape.

### Sustainability Organisation Structure

The Group firmly embeds sustainability concerns within the Group's strategic planning process, with companies striving to optimise performance from a triple bottom line lens. All business units are required to identify non-financial risks alongside material impacts and include strategies to address these through sustainability initiatives and projects. Business and individual objectives are therefore aligned with overall sustainability goals, resulting in an entrenched culture of sustainability.

The SMF extends beyond Group boundaries, also focusing on the Group's value chain with the purpose of benefiting suppliers and their own dependent supply chains. Through its Supplier Code of Conduct, annual assessment of supply chain partners and ongoing awareness and engagement through Supplier Fora, the Group hopes to have a positive impact on key external stakeholders.

#### Group Executive Committee

Responsible for formulating and steering the Group's overall sustainability strategy.

#### Sustainability, Enterprise Risk Management and Group Initiatives Division

Operationalises the SMF and carries out Group-wide processes, including identification of stakeholder and material issues, stakeholder engagements, risk assessments, Group-wide awareness campaigns and overall review and monitoring of the SMF.

#### Business Units

Each business unit is responsible for their sustainability performance, operating under the umbrella of the Group's SMF. Sustainability Champions under the leadership of their respective Heads of Business/Sector Heads, and working closely with the central sustainability division, have responsibility for implementing sustainability initiatives and management of performance of their individual businesses.

## SUSTAINABILITY DISCLOSURES

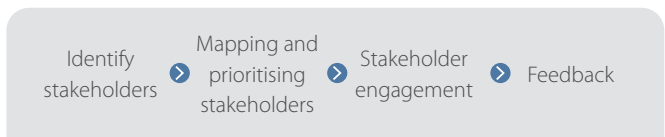
The Group uses both its Annual Integrated Report and corporate website as the primary means of responding to stakeholder concerns and outlining its sustainability strategy, including materiality assessments and management policies and processes. The data measurement techniques, calculation methodologies, assumptions and estimations applied in the compilation of the sustainability indicators contained in this Report, are in accordance with standard industry practices and the GRI Standard. Such data measurement techniques, methodologies, assumptions and estimations are detailed in the relevant Management Approach Disclosures section and can be found online at <https://keells.com/esg/#sustainability>. Reference to specific information and disclosures required by the GRI Standards can be found through the GRI context index. Figures and statements have been rearranged wherever necessary to conform to the present year's presentation in terms of restatements and comparisons to the previous year.

## CHANGES TO THE REPORTING BOUNDARY

During the year under review, four new 'Keells' outlets were added while one was removed due to closure. A centralised distribution centre also was included in the sustainability reporting scope.

## OUR STAKEHOLDERS

The Group defines significant stakeholders as those who have significant influence over or are significantly affected by the Group's operations. Given the diverse operations in several industry groups over varied geographical markets, the Group's interacts with a wide range of stakeholders who represent the communities and regions within which it operates.



The Group identifies its internal stakeholders as its business units and employees whilst its external stakeholders consist of shareholders, investors, lenders, customers, suppliers and value chain, business partners, Government and regulatory authorities, peers, pressure groups, media and the community.

The Group has established a number of different platforms for dialogue and communication to incorporate stakeholder perspectives and concerns into the Group's policies and commitments. The mechanisms by which the Group manages and conducts its engagement with significant stakeholders on an ongoing basis, include formal and informal consultations, participation, negotiations, communication, mandatory and voluntary disclosures, certification and accreditation.

The following section details the various methods and frequencies of engagement with its significant stakeholders:

Stakeholder Expectations	Methods of Engagement	Significance of Stakeholder
<b>Customers – individual, corporate B2B</b>		
<ul style="list-style-type: none"> <li>Meet requirements for products and services</li> <li>Ensure high quality and safe products and services</li> <li>Environmentally and socially responsible products and services</li> </ul>	<ul style="list-style-type: none"> <li>Road shows, trade fairs and field visits - Annually</li> <li>One-on-one meetings, discussion forums, progress reviews - Biannually</li> <li>Customer satisfaction surveys - Quarterly</li> <li>Information dissemination through printed reports, telephone, SMS, e-mail, corporate website, workshops and business development activities - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Growth of business and brands</li> </ul>
<b>Employees – directors, executives, non-executives</b>		
<ul style="list-style-type: none"> <li>Provide a safe and enabling environment</li> <li>Ensure equal opportunity within a meritocratic culture</li> <li>Enhancement of skills and knowledge, continuous engagement</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction surveys, Group-wide year end get-together - Annually</li> <li>Performance reviews, skip level meetings - Bi-annually</li> <li>Intranet communications - Regularly</li> <li>Training and development, team building, joint consultative committees, open door policy, sports events, Corporate Social Responsibility programmes - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital and productivity</li> </ul>
<b>Community – neighbours, community, community leaders, society</b>		
<ul style="list-style-type: none"> <li>Stimulate local economy through procurement</li> <li>Provide direct and indirect employment</li> <li>Operations with minimal impact on shared natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement prior to entry and on exit via one-on-one meetings, workshops, forums – One-off</li> <li>Regular engagement while operating via one-on-one meetings, workshops, forums - Monthly</li> <li>Corporate Social Responsibility programmes - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Social license to operate</li> </ul>
<b>Institutional investors, fund managers, analysts, leaders, multilateral lenders</b>		
<ul style="list-style-type: none"> <li>Consistent economic performance</li> <li>Economic value generation</li> </ul>	<ul style="list-style-type: none"> <li>Annual reports, disclosures and reviews – Annually</li> <li>Quarterly reports - Quarterly</li> <li>Investor road shows - Regular</li> <li>Phone calls, e-mail, written communication, websites, one-on-one meetings - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Growth and equity</li> </ul>
<b>Government, Government institutions and departments</b>		
<ul style="list-style-type: none"> <li>Contribute to economy through strategic investments</li> <li>Create direct and indirect employment</li> <li>Timely payment of taxes and levies</li> </ul>	<ul style="list-style-type: none"> <li>Participation of senior management in chambers and industry associations - Quarterly</li> <li>Meetings, business forums, newsletters, circulars, presentations and briefings, advisory meetings of industry associates - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Provision of trading conditions</li> </ul>

# SUSTAINABILITY INTEGRATION, STAKEHOLDER ENGAGEMENT AND MATERIALITY

Stakeholder Expectations	Methods of Engagement	Significance of Stakeholder
<b>Legal and regulatory bodies</b>		
<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Practice sound corporate governance</li> </ul>	<ul style="list-style-type: none"> <li>Participation of senior management in chambers and industry associations - Quarterly</li> <li>Meetings, periodic disclosures, correspondence - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>License to operate</li> </ul>
<b>Business partners, principals, suppliers</b>		
<ul style="list-style-type: none"> <li>Long-term business relation and adherence to contractual obligations</li> <li>Knowledge sharing</li> <li>Representation in business councils and committees</li> </ul>	<ul style="list-style-type: none"> <li>Distributor conferences, contract renegotiations and reviews, road shows, supplier assessments, supplier fora - Annually</li> <li>Supplier review meetings - Quarterly</li> <li>Market reports - Regularly</li> <li>Conference calls, e-mails, circulars, corporate website and sourcing, contracting and supplier management platform - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Inputs for goods and services</li> </ul>
<b>Society, media, pressure groups, NGOs, environmental groups</b>		
<ul style="list-style-type: none"> <li>Operate in accordance to social norms, cultures with minimal negative social and environmental impact</li> <li>Adhere to laws and regulations</li> <li>Operate as a responsible corporate citizen</li> </ul>	<ul style="list-style-type: none"> <li>Website, press releases, media briefings, correspondence - Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Information and trends</li> </ul>
<b>Industry peers and competition</b>		
<ul style="list-style-type: none"> <li>Ethical business practices</li> <li>Participation in business councils and committees</li> </ul>	<ul style="list-style-type: none"> <li>Participation of senior management in chambers and industry associations - Quarterly</li> <li>Membership of trade associations, conferences, discussion forums - Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration and fair trading conditions</li> </ul>

## KEY SUSTAINABILITY CONCERNS

Based on the findings of the most recent quantitative and qualitative stakeholder engagements, alongside review of regulatory requirements, risk management process outcomes, input from processes such as grievance handling and human rights related impacts, emerging best practices and attention to media, the Group strives to identify and manage any areas of concern and ensure required action is carried out in a structured manner.

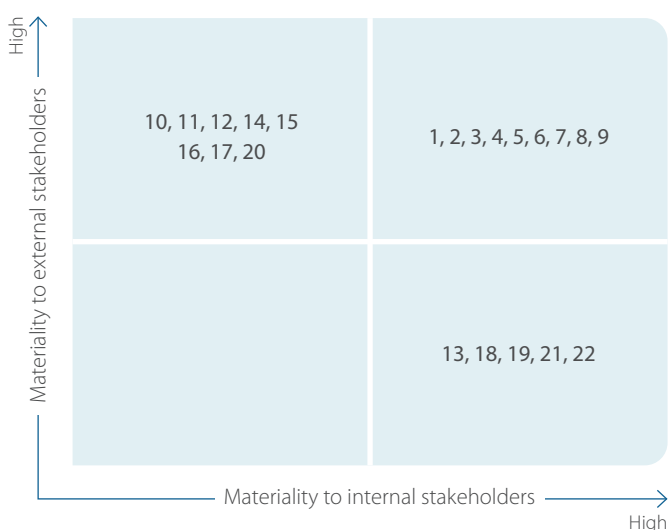
Environmental, social and governance concerns are scrutinised by shareholders and investors alongside their demand for long-term returns on investment and these concerns are responded to and managed through the Group's annual integrated reporting, and through strengthening and updating of its policies and management frameworks as necessary. Such areas of importance to stakeholders such as society, pressure groups and regulatory authorities are issues of high priority that the Group addresses through its environment and biodiversity management systems and policies, in addition to engaging with and positively impacting local communities and its value chain through its corporate social responsibility programme and supplier management frameworks. Supplier assessments highlight any gaps related to material sustainability focus areas and are addressed through supplier engagements methods such as regular meetings and knowledge sharing fora.

During the reporting year, the Group faced challenges related to volatility in the power and energy industry given its reliance on fuel and energy with the focus of moving to renewable sources of energy encouraged and given significant importance. Further disruptions to operations due to macroeconomic vulnerabilities was tackled through relevant mitigative action that assists the Group in managing its operations during the year. The Group also experienced an increase in labour migration triggered by the socio-economic environment in the country for which the Group continues closely monitor employee attrition and adopt measures to manage this to the extent possible.

## MATERIALITY

### Identification and Management of Material Topics

The Group maps topics that are of concern to stakeholders and are significant in terms of its business to ascertain the criticality and priority for focus and disclosure. The Group continues to assess its internal and external materiality and its reporting scope will be expanded as and when a topic becomes material to the Group and its stakeholders. The prioritisation of material topics for reporting is as depicted below.



Topic Number	Material Topic	Relevant GRI Topic	Change Compared to FY2021/22	Actual/ Potential Impact	Approach
1	Volatility and vulnerabilities in the macroeconomic environment impacting Employees, Consumers, Communities and the Supply Chain		▲	Lower demand, supply disruptions, lower disposable income	Risk and Internal Controls
2	Economic Performance	GRI 201: Economic Performance	-	Economic instability	Financial and Manufactured Capital
3	Loss of skilled staff due to increased local and global competition	GRI 401: Employment	-	Service level and experience	Human Capital
4	Data security and customer privacy / Information governance and security		-	Cyber attacks, loss of data	● Social and Relationship Capital
5	Regulatory Compliance		-	Compliance and legal issues	Corporate Governance
6	Business continuity and Energy management - Local and global fuel shortages	GRI 302: Energy	▲	Disruptions to operations	● Natural Capital
7	Increasing prices of product and services and price volatilities in the supply chain	GRI 204: Procurement Practices	-	Disruptions to operations	Risk and Internal Controls
8	Employee attraction, retention and skill resilience		-	Employee attrition	● Human Capital
9	Changes in Taxation and Government levies	GRI 207: Tax	-	Impacts from policy changes	Corporate Governance
10	Government policy uncertainty		-	Negative impacts from policy changes	Outlook
11	Currency volatility and increased interest rates		-	Increased cost of finance, positive and negative foreign exchange impact	Financial and Manufactured Capital
12	Anti-corruption	GRI 205: Anti-corruption	-	Impact on credibility	● Social and Relationship Capital
13	Local community development	GRI 413: Local communities	-	Socioeconomic disparity	Social and Relationship Capital
14	Supply chain vulnerabilities due to pandemic and country's economic crisis		-	Disruptions to operations	Risk and Internal Controls
15	Manage environmental impacts created by our operations - Emissions/ Effluents and Waste Management	GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Effluents and Waste, GRI 306: Waste, GRI 307: Environmental Compliance	-	Regulatory issues	●● Natural Capital
16	Climate change impact and resilience	GRI 305: Emissions	-	Regulatory issues	Risk and internal controls
17	Employee health and safety	GRI 403: Occupational Health and Safety	-	Loss of working hours/days	● Human Capital
18	Diversity Equity and Inclusivity in the workplace	GRI 405: Diversity and equal opportunity	-	Discrimination	●● Human Capital
19	Brand Communication effectiveness (Ethical marketing and communication)	GRI 417: Marketing and Labelling	-	Brand reputation impact	Social and Relationship Capital
20	Customer relations/ retention		-	Loss of customer confidence	Social and Relationship Capital
21	Reduction of plastic usage and reclamation from customers		-	Brand reputation impact	● Natural Capital
22	Digitalisation		-		Intellectual Capital

● Policy in place ● Goals in place



A detailed description of the strategies and approach adopted by the Group in managing its material topics are contained in the management approach disclosures section hosted on the Group website [https://www.keells.com/resource/Management\\_Approach\\_Disclosures\\_2022\\_23.pdf](https://www.keells.com/resource/Management_Approach_Disclosures_2022_23.pdf)



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