

Materiality Assessment for Environmental and Social Impact Control

A specific topic or sustainability issue is deemed to be 'material' when its potential impact on the long-term viability, profitability and integrity of the Group becomes sufficiently significant that it warrants proactive action in order to limit or mitigate the adverse outcome.

WHY WE MONITOR AND REPORT ON MATERIAL TOPICS

Monitoring "material" topics enables the Group to be more proactive rather than reactive in addressing the economic, social and environmental impacts that could put the Group at risk.

Reporting on "material" topics is one of the Group's key commitments. It underpins Aitken Spence PLC's efforts to be more transparent on how the Group creates value through its day-to-day business activities.

OUR PROCESS TO IDENTIFY MATERIAL TOPICS

The Group attempts to identify material topics through following means.

- Internal assessments (discussions, internal audits, inspections, management reviews, and evaluations etc.)
- Direct inputs from key stakeholders
- Results of external stakeholder engagement activities
- Customer feedback
- Feedback from external inspections (system audits, buyer inspections etc.)

MATERIAL TOPICS (SUSTAINABILITY PRIORITIES)

As a diversified company, Aitken Spence operates in a multitude of sectors having many impacts on both the internal and external environment. The Group has identified topics that can be material to our diverse operations and appropriate actions are customized according to the nature and scale of the respective Strategic Business Unit (SBU).

The sustainability strategy looks at topics that are commonly applicable across the Group and uses a prioritization framework to allow each SBU to customise their actions in line with the nature and scale of operations and their impacts.

The topics material to the Group can be broadly grouped into a few categories in line with the Global Reporting Initiative's (GRI) reporting framework's approach; economic, environment, labour practices and decent work, human rights, society and product responsibility. Topics identified within these broader categories can be seen in the [GRI Index](#). These are selected based on the Group's current operational priorities and are bound to change with actions taken and the outcome of these actions. We have also identified several topics that we intend to act on in the next 2 – 3 years.

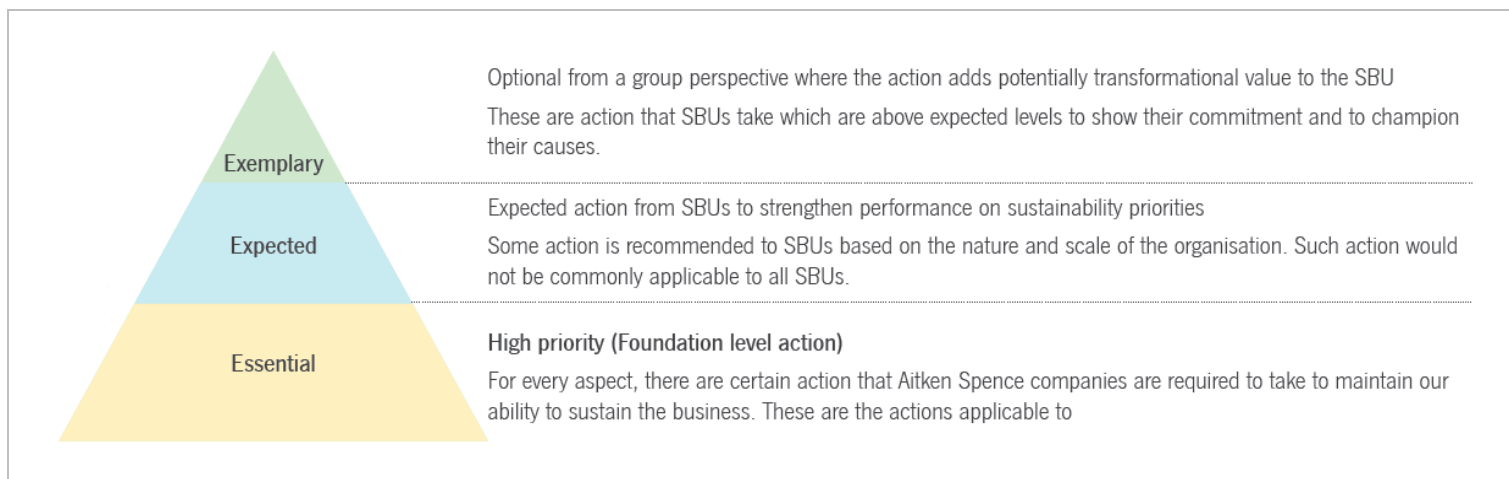
We have identified seven Sustainable Development Goals to which all of our sustainability driven actions can be aligned, in order that targeted action can be promoted at Group level.

SDGs picked at Group level to support our development efforts

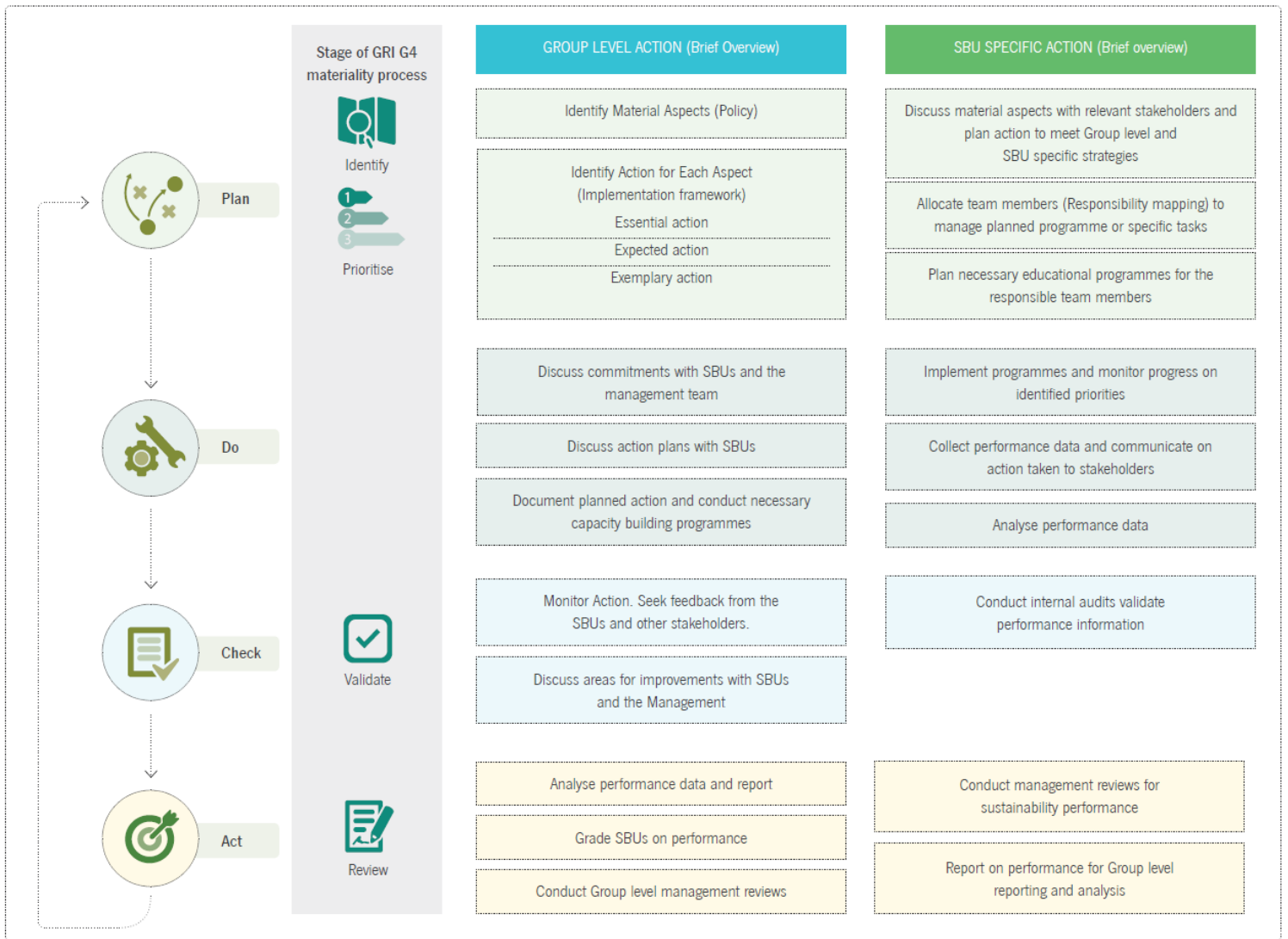


PRIORITIES OF ACTION

Within each topic, there are many actions that can be taken. However, not every action is an immediate priority and not every activity will be presently 'essential' for every SBU. For that reason, our framework helps to identify priorities for the action we take towards each material topic.



LEVEL OF PRIORITY FROM A GROUP PERSPECTIVE	DECIDING FACTORS	
<p>Essential – i.e. High priority Action within each material aspect that is specified as 'essential' (Action applicable to all SBUs)</p>	Environmental or social impact is high	Environmental or social impact is moderate or low but frequency of occurrence is high
<p>Expected Action within the aspect is recommended to SBUs based on the nature and scale of the organisation. Such action would not be relevant to all SBUs commonly and priority will differ from SBU to SBU.</p>	Industry requirement for action	Action required in line with company policy of and/or voluntary standard
<p>Exemplary – i.e. Optional action These are action that SBUs take which are above expected levels to show their commitment and to champion their causes.</p>	Action has been highlighted by a key stakeholder as a requirement	Legally required action
	Strengthens sustainability priorities of the SBU	Action highlighted by a key stakeholder as an expectation from the SBU
	Action adds value to the business operation	Action is expected within a management system
	Action gives direction for sustainability best practices/ movements in the industry	Action adds potentially transformational value to the operation or key stakeholders
		Action will create differentiation for chosen priorities of the SBU



Please refer to our annual reports to peruse action implemented by the SBUs to manage the identified material topics.

OVERVIEW OF MATERIAL TOPICS

Identified material topic	Sectors for which the topic is material	Relevance within and outside Aitken Spence	
		Internal	External
Economic;			
- Economic performance	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Market presence	Operations in Sri Lanka: Tourism and Strategic Investments Operations outside Sri Lanka: Tourism, Strategic Investments, Logistics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Indirect economic impacts	Operations in Sri Lanka: Tourism and Strategic Investments Operations outside Sri Lanka: Tourism, Strategic Investments, Logistics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Procurement practices	Operations in Sri Lanka: Tourism and Strategic Investments Operations outside Sri Lanka: Tourism, Strategic Investments, Logistics	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Environment;			
- Energy	All	<input checked="" type="checkbox"/>	
- Water	All	<input checked="" type="checkbox"/>	
- Biodiversity	Tourism and Strategic Investments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Emissions	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Effluents and waste	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Compliance	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Overall	All	<input checked="" type="checkbox"/>	
Social – Labour practices and decent work;			
- Employment	All	<input checked="" type="checkbox"/>	
- Labour/ Management relations	All	<input checked="" type="checkbox"/>	
- Occupational health and safety	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Training and education	All	<input checked="" type="checkbox"/>	
- Equal remuneration for men and women	All	<input checked="" type="checkbox"/>	
- Labour practices grievance mechanisms	All	<input checked="" type="checkbox"/>	
Social - Human rights;			
- Investment	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Non-discrimination	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Security practices	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social – Society;			
- Local communities	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Identified material topic	Sectors for which the topic is material	Relevance within and outside Aitken Spence	
		Internal	External
- Anti-corruption	All	<input checked="" type="checkbox"/>	
- Compliance	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social – Product Responsibility;			
- Customer health & safety	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Product and service labelling	All (Partially reported)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Marketing communications	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Customer privacy	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
- Compliance	All	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Social – topics identified for future action			
- <i>Supplier assessment for labour practices</i>	<i>All</i>	<input checked="" type="checkbox"/>	
- <i>Supplier human rights assessment</i>	<i>All</i>	<input checked="" type="checkbox"/>	
- <i>Human rights grievance mechanisms</i>	<i>All</i>	<input checked="" type="checkbox"/>	
- <i>Supplier assessment for impacts on society</i>	<i>All</i>	<input checked="" type="checkbox"/>	