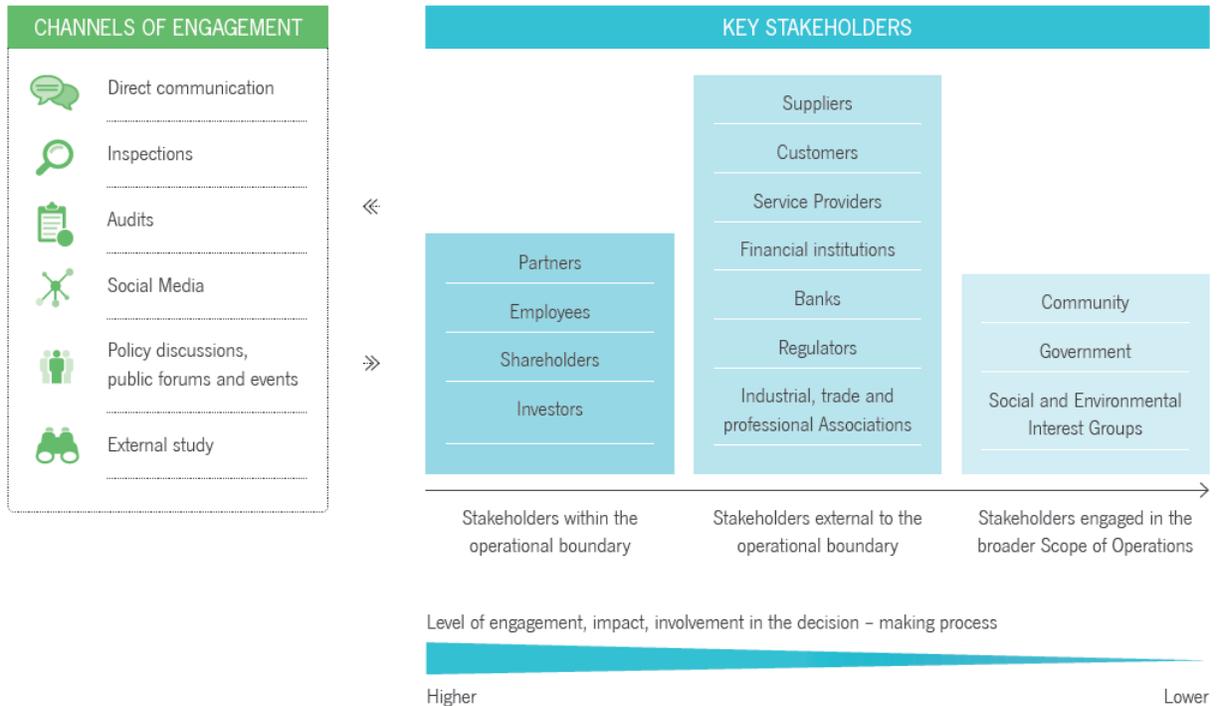


Stakeholder Engagement

WHY WE ENGAGE WITH STAKEHOLDERS

Key stakeholders contribute towards the sustainability of the Group by communicating on issues and concerns that can potentially affect our ability to sustain the financial, social and environmental performance in line with our values and priorities. The feedback we receive from stakeholders also contributes towards the identification of potential trends and opportunities in the respective industries.



HOW WE ENGAGE WITH STAKEHOLDERS

Due to the diversity of the Group's operations in both scale and nature, each industry segment has its own set of stakeholders, concerns, impacts, risks, opportunities and benefits. As such, 'one size fits all' speedy solutions are neither sustainable nor suitable for the Group. Each sector has a different approach to engage with key stakeholders and to maintain good relationships with them. Across its four sectors, the Group engages with a broad range of stakeholders both within and external to our operational boundary on an ongoing basis.

In addition to the internal channels of engagement, during the last quarter of 2014/2015 we commissioned an external stakeholder engagement study to identify tacit knowledge from key stakeholders to;

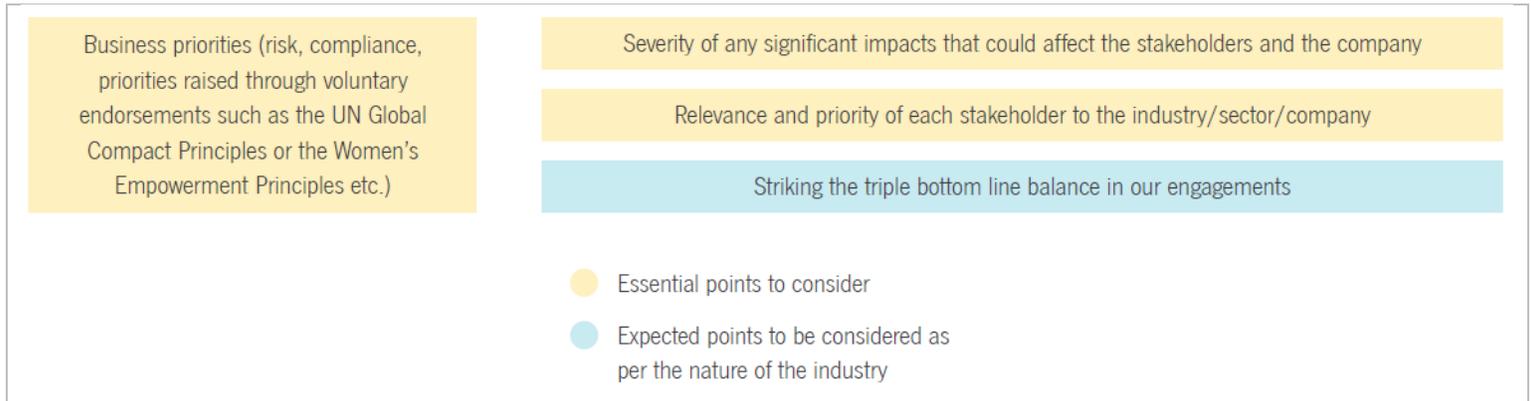
- verify the material issues we have identified and
- identify issues and areas for concern that may not be directly communicated to the company by the stakeholders such as trends and opportunities in respective industries.

The study took a considerable amount of time as the research team had to approach key stakeholder groups independently, without intervention from the company and, was completed towards the 2nd quarter of 2016/2017 financial year.

The key issues identified through internal assessments and the external stakeholder engagement study are specified in the respective sector reviews. We hope to repeat the study routinely with specific focus on selected sectors and/ or concerns in each study.

HOW WE PRIORITISE OUR ACTION BASED ON STAKEHOLDER FEEDBACK

We have internal processes to identify the key concerns to act on from the input we obtain from our stakeholders. We use these criteria that benchmark the priority of stakeholder concerns by identifying the significance through;



Aitken Spence companies engage with key stakeholder and work on responding to key issues identified.

Key sustainability issues and concerns addressed through stakeholder engagement include return on investment, profit and growth for investors, business partners and shareholders; career progression, benefits, remuneration, working facilities and personal development for employees, product and service quality, cost, reliability for customers; economic, social and environmental impact including local purchasing and employment for communities.

COMMUNICATION ON SOCIAL AND ENVIRONMENTAL CONCERNS;

Stakeholders such as community members and suppliers are engaged routinely or as and when the need arises. We also work with organisations and institutions (such as local government authorities, schools, places of worship etc.) as a channel of communication with key stakeholders. These stakeholders freely provide their feedback to us when necessary and each sector has a unique approach to absorb stakeholder feedback and to identify priorities to act on.

Concerns raised through these interactions are managed at sector level most of the time. The concerns raised, and action taken are also communicated to Group level management teams on a routine basis (or immediately depending on the significance of the concern). Any issues or concerns that require Group level intervention are escalated to the respective management teams, which in turn makes an important contribution to our research and development, innovation and risk management processes and go on to form the basis of our strategy formulation reporting processes.

Further explanation on the process we use to prioritize community development projects embarked on is included in the Social and Environmental Capital section of this report.

ENHANCING THE STAKEHOLDER ENGAGEMENT FRAMEWORK

Guidance is provided at Group level to refine the process of stakeholder engagement and on internal/external communication by the SBU's responsibility mapping task. Based on the needs identified, the Group plans programmes for the year to provide capacity building on sustainability communication.

An outcome of the stakeholder engagement study conducted by a third-party service provider was that key stakeholders were keen to hear more about the sustainability initiatives of the Company. Accordingly,

the Group is in the process of mapping out a Group level communication strategy for the sustainability initiatives of our Companies

Stakeholder Group	CHANNELS OF ENGAGEMENT	KEY AREAS OF INTEREST FOR STAKEHOLDERS AND THE ORGANIZATION	OUR COMMITMENT
 <p>Employees</p>	<ul style="list-style-type: none"> Employee satisfaction surveys Internal newsletters and intranet Performance reviews Open door policy Grievance handling procedures Small group meetings with the Managing Director Group and SBU level events Staff conventions 	<ul style="list-style-type: none"> Occupational health and safety Remuneration and benefits Career progression Skills development Human Rights at the workplace Work life balance 	<ul style="list-style-type: none"> Continually work towards providing a safe and healthy workplace and working environment that is conducive to the personal and professional growth of our employees. For more details on action taken to achieve this objective, refer to the human capital section.
 <p>Investors & Shareholders Banks and Financial Institutions</p>	<ul style="list-style-type: none"> Annual General Meeting and other meetings Financial reporting Website and social media Media Investor discussions 	<ul style="list-style-type: none"> Return on investment/ ROE Ethical conduct Environmental and social governance Resilient balance sheet Sustainable profitability Corporate communication 	<ul style="list-style-type: none"> Work with our investors, shareholders, partners to inculcate social and environmental governance in to the strategic decision making process and to continually improve dialogue between key stakeholders to identify new ideas, opportunities and trends in the industries we operate in. Refer to the Governance and Strategy sections and sector reviews for more details.
 <p>Industry Partnerships and Associations</p>	<ul style="list-style-type: none"> Direct contact Participation in forums and training programmes Communication via sub agents or representatives Site visits and service level agreements Meetings and lobby groups 	<ul style="list-style-type: none"> Adherence to international benchmarks Prevention of corruption Assurance of products / services Progress on agreed activities/ procedures Capitalising on new business opportunities by catering to the needs of the clientele 	<ul style="list-style-type: none"> Collaborate with industry partners and associations to facilitate the achievement of the Sustainable Development Goals, and strengthen the adoption of the ten principles of the UN Global Compact, the Women's Empowerment Principles and other voluntary endorsements Work with industry partners and associations to generate new ideas and programmes to achieve sustainable progress in social and environmental governance For more details on action taken to achieve this objective, refer to the Sector Reviews and the Social and Relationship Capital sections as well as the GRI Index.
 <p>Customers</p>	<ul style="list-style-type: none"> Customer satisfaction surveys Buyer inspections/ audits Direct contact Customer service and support points-of-contact 	<ul style="list-style-type: none"> Quality and reliability of products and services Ethical production Value for given price Data security and privacy of information disclosed to the organisation Innovation of products and services to meet new trends in markets and customer needs 	<ul style="list-style-type: none"> Work towards innovating our processes to provide best in class products & services to customers. Be diligent towards internalising social and environmental governance standards to provide sustainable products and services. Continually enhance quality of products, services and value provided to customers while ensuring profitability For more details on action taken to achieve this objective, refer to the Sector Reviews, Manufactured Capital, Social and Relationship Capital and the Intellectual Capital sections.
 <p>Suppliers / Services Providers</p>	<ul style="list-style-type: none"> Direct dialogue Participation in seminars on quality and efficiency Supplier appraisals 	<ul style="list-style-type: none"> Ethical conduct and production Profitability Assurance for service requirements, concerns, solutions Professionalism and on time service Efficiency and effectiveness of operations Competitive advantage 	<ul style="list-style-type: none"> Roll out action plans to inculcate social and environmental governance within the supply chain Refer to the Social and Relationship Capital for more details about our supply chain.
 <p>Community</p>	<ul style="list-style-type: none"> Direct communication Local purchasing engagements Dialogues with community groups Media and annual reports 	<ul style="list-style-type: none"> Development of infrastructure Employment generation and extending opportunities for local entrepreneurs/ students Environmental conservation Building sustainable social relationships Safety, health and welfare 	<ul style="list-style-type: none"> Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection within our communities. For more details on action taken to achieve this objective, refer to the Social and Relationship Capital section as well as the GRI Index.

 <p>Government & Regulatory Authorities</p>	<ul style="list-style-type: none"> • Dialogue with policymakers, regulatory authorities and experts • Reports and meetings • Participation in industry/ national level events • Compliance reviews • Media 	<ul style="list-style-type: none"> • Compliance • Generation of employment • Foreign income generation • Payment of taxes/ fees/ levies due to government/ regulatory bodies • Prevention of corruption 	<ul style="list-style-type: none"> • Continue to establish and maintain governance structures that meet best practices in legal and other regulatory requirements necessary in the industries we operate in for the sustainable operation and development of our company • For more details on action taken to achieve this objective, refer to the Governance section as well as the GRI Index.
Stakeholder Group	CHANNELS OF ENGAGEMENT	KEY AREAS OF INTEREST FOR STAKEHOLDERS AND THE ORGANIZATION	OUR COMMITMENT
 <p>Environment / Environmental Interest Groups</p>	<ul style="list-style-type: none"> • Dialogue with policymakers, regulatory authorities and experts • Direct communication • Compliance reviews • Media 	<ul style="list-style-type: none"> • Climate change mitigation • Management of environmental impacts • Waste management • Compliance with environmental standards, laws and regulations of the country 	<ul style="list-style-type: none"> • Enable environmental sustainability, enrich biodiversity and engage in industry collaborations to create new movements for sustainability. • For more details on action taken to achieve this objective, refer to the Natural Capital section.

INDEPENDENT STAKEHOLDER ENGAGEMENT STUDY - SUMMARY OF OUTCOMES



Strategic Initiatives Group (Pvt) Ltd
 18/185 A - 1/1 A M E D Dabare Mawatha, Colombo 5, Sri Lanka
 Tel. No. 4941670

31st March 2017

Stakeholder Engagement Study for Aitken Spence PLC

This is to verify the stakeholder engagement study conducted by STING Consultants (Strategic Initiatives Group (Pvt) Ltd.) for Aitken Spence PLC as an independent service provider. This study was completed on the 23rd January 2017, and the results have been communicated to the Company along with a detailed report of the outcome.

Stakeholder engagement process;



Stakeholders engaged with through the study;

Employees, community members & neighbours, competitors, shareholders, investors & JV partners, business partners, suppliers, service providers, customers, regulators, activists.

Summary of results;

To Remove;

Extensive processes and sense of distance from some stakeholder could potentially inhibit the robust growth of the Company.

To Improve;

Key stakeholders were keen to hear more about the sustainability initiatives of the Company. Opportunities were identified to improve the value created for stakeholders by increasing channels of engagement. A growing need was identified for innovative product and service solutions in the industries the Company operates in.

To Maintain;

The Company is seen to be; An established, stable, reputed, and strong organization. Financially solid. A great partner to work with. Pride of association for most stakeholders



Sgd.
 Strategic Initiatives Group (Pvt) Ltd.

An example of our stakeholder engagement practices and use of obtained feedback;

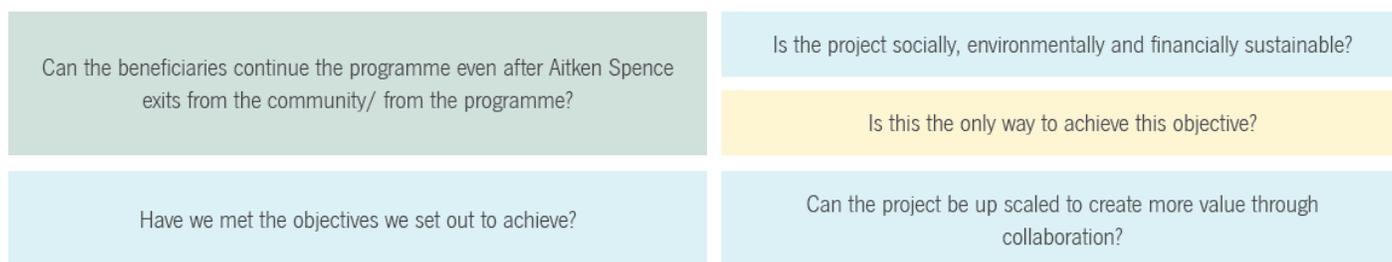
LOCAL COMMUNITIES

We operate in communities that are constantly evolving and have diverse needs for social and economic development. Our ability to be commercially viable upholds the economic sustainability of over 13,000 employees and many more community members who are indirectly linked to our operations. At the same time, our ability to remain commercially viable depends on the development and sustainability of the communities we operate in.

We engage with different segments of the community at different levels. In general, each operation manages communication through community leaders and works with them to identify the needs of their communities. We give priority to strategic relevance to the organization and our immediate community before we commit to any project. Aitken Spence bases the decisions to initiate community development projects on any one or a combination of the following reasons;



Other factors that influence our decisions include;



The relationships we build are an integral part of how we operate and over time enhances our ability to sustain long term, competitive value. We are committed to create sustainable value for our stakeholders.

Stakeholder Group	Our value proposition in the relationship
Employees	Provide a working environment conducive to personal and professional growth.
Investors & Shareholders	Work towards the long-term viability, profitability and integrity of our businesses and ensure sustainable financial returns and dividends from well managed operations.
Banks and Financial Institutions	
Industry Partnerships and Associations	Lead the movement for economic, social and environmental sustainability, build trusted relationships and collaborate towards inclusive growth and sustainable development in the industries we operate in.
Customers	Provide reliable, high quality, sustainable products and services to customers
Suppliers/ Services Providers	Build trusted, long standing relationships with our suppliers and service providers by working with them to inculcate social and environmental governance within the supply chain.
Community	Cascade value to our communities through investment in job creation and security, extending opportunities for inclusive economic growth, enhanced social sustainability and promoting environmental protection.
Government & Regulatory Authorities	Work towards the long-term viability, profitability and integrity of the businesses we are in and contribute towards the enhancement of revenue to the government and economic development of the nation.
Environment/Environmental Interest Groups	Lead the movement for environmental sustainability as well as enrich biodiversity and engage in industry collaborations to create new movements for sustainability.