



## Our Strategy

### OUR PURPOSE DRIVEN STRATEGY

As a diversified conglomerate, our strategy is long term in nature and remains unchanged from the previous year. It is necessarily articulated in broad terms to remain relevant across 17 business segments and is our blueprint for the next phase of our growth.

#### OUR GOALS



At Aitken Spence, we strive to

- contribute to society through economic growth and the creation of wealth;
- achieve geographical/ industrial expansion and diversification; and
- accomplish sustainable growth ensuring environmental and social governance.

#### OUR PURPOSE



Inspire to create great futures for all

#### OUR VISION



To achieve excellence in all our activities, establish high growth business in Sri Lanka and across new frontiers and become a globally competitive market leader in the region

#### OUR VALUES



- Reliable
- Honest and Transparent
- Warm and Friendly
- Genuine
- Inspire Confidence

### OUR OBJECTIVES

Achieve year-on-year sustainable profit growth, with an overall growth in market share in all business segments



Venture into new business segments



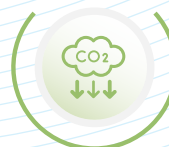
Expand Aitken Spence reach to new geographies



Employer of choice status



Reduce the resource footprint and achieve net-zero emissions by 2030





## Our Strategy

Our strategy is directly linked to our objectives which are set out below

AITKEN SPENCE OBJECTIVES



Achieve year-on-year sustainable profit growth, with an overall growth in market share in all business segments



Expand Aitken Spence reach to new geographies and venture into new business segments



Achieve Employer of Choice status



Reduce the resource footprint and achieve net zero emissions by 2030

### TRANSFORMATION STRATEGY

STRATEGIES

- Leverage emerging technologies, smart systems, and automation to optimise business processes, improve efficiency, and enhance decision-making capabilities for a competitive edge
- Embedding local and global environmental, social, and governance (ESG) benchmarks into business models and day-to-day operations while ensuring regulatory adherence to drive long-term sustainability and transform business models through the Spence IMPACT strategy
- Strengthening customer relationships and service excellence through personalised engagement
- Enhancing productivity and streamlining processes
- Managing and optimising cost structures
- Strengthening the Group's capital structure by managing the debt-to-equity ratio to enhance readiness for future strategic investments

- Expanding business reach through data-driven decision-making, strategic investments, and adaptive market positioning
- Leveraging automation, data analytics, and digital tools to improve efficiency and decision-making
- Focus on market research and product development (R&D)
- Forming alliances with industry leaders, suppliers, and technology partners to foster innovation and market expansion
- Enhancing offerings through product innovation and differentiation
- Develop a sustainability-focused product portfolio to meet evolving customer needs
- Strengthen customer engagement to clearly communicate value proposition
- Strengthen joint venture partnerships and explore new opportunities with overseas joint venture partners

- Enhancing bench strength of leadership pipeline for critical positions and strengthen leadership capabilities
- Establishing an objective based talent management eco-system
- Attract best-in-class talent using a powerful Employee Value Proposition (EVP)
- Enabling Performance Management (PM) practices to support organisational transformation
- Nurturing a transformation and value-centric organisational culture
- Focused talent retention for critical mass
- Enhancing employee engagement and experience throughout the employee lifecycle (bottom-up & top down approaches)
- Commitment to Diversity, Equity & Inclusion (DE&I)
- Developing competencies to drive innovation and digitalisation

#### Manage the consumption of energy to reduce emissions from the 2019/2020 baseline;

- Discontinued commercial thermal energy generation for the national grid from 2025
- Reduce transport related emissions by 20% by 2030
- Replace 12% of the energy needs in the hotels segment with renewables

#### Manage potential adverse impacts from the withdrawal of water

- Ensure zero adverse impacts on water bodies from the withdrawal of freshwater

#### Control potential adverse impacts from the use of resources

- Use the 7R Principle to monitor and manage resource consumption patterns

#### Manage adverse impacts from land use and interaction with natural ecosystems and biodiversity

- Build Better Before and prevent adverse impacts from the onset
- Use available platforms to create awareness and educate key stakeholders



## Our Strategy



### Segment-Level Activity and Performance Indicators

**11.7% EBIT** ↑

**61.0% Profit after Tax** ↑

**228,078**  
Passengers handled by destination management

**1,179,355**  
Guest nights in owned hotels

**2,676**  
Room inventory (owned and managed)

**22,000**  
Students at CINEC Campus

**142,269(MWh)**  
Power generated

**3,681('000 pieces)**  
Apparel produced

**4,177 ('000 kg)**  
Tea produced:

**1,140,015**  
Inward remittance transactions



- Geographical expansion in Sri Lanka as well as regionally
- Organic and inorganic growth
- New processes implemented
- New products and services introduced
- Technological enhancements introduced over the last three years



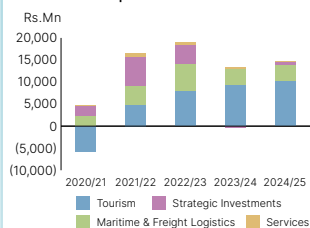
- Increase female representation in the Group to 50% by 2030
- Ensure availability of internal successors for 70% of critical roles
- Achieve an employee engagement/organisational health score of 85 by 2030
- Executive retention rate improved to 83%, reflecting enhanced focus on talent engagement and stability in key roles
- Total training hours increased by 45% to 278,034, underscoring our sustained investment in employee development and capability building



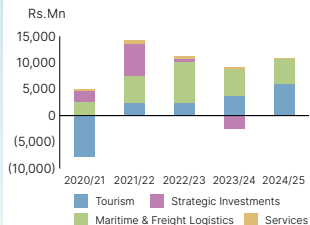
- Emission reductions achieved against the FY2020 baseline – **85%** milestone achieved
- The Group's energy consumption per unit revenue declined **12%** reflecting the collective efforts of the Group
- The Group reduced **208,915 tCO<sub>2</sub>e** emissions through renewable energy generation, emission reductions achieved, and emissions offset through other means
- The Group's water consumption per unit revenue declined by **18.7%** across the Group although some key sectors saw an increase in the consumption of water per unit revenue

KPI

### Profit from Operations



### Profit before Taxation



RESULT



**55%**  
Revenue generated from Overseas



**60%**  
Profits from operations generated from overseas



Launched over **42** new products and services during the year



Investing in People:  
**Rs. 78.9 Mn**  
Committed to leadership and capability growth



**3%**  
Increased in female representation from  
**39% to 42%**  
advancing our DE&I commitment.



**85.6%** reduction from the 2019/2020 base year



**Zero** waterbodies or ecosystems adversely impacted by the Group's water consumption or discharge of wastewater or effluents



**178,859MT**

of residual municipal solid waste repurposed to create renewable energy reducing

**114,052tCO<sub>2</sub>e** emissions from landfills



## Our Strategy



### Global Outlook 2025

	World Output	World Trade	Oil Prices	Non-Oil Commodities	Consumer Prices
2024	3.3%	3.8%	(1.8%)	3.7%	5.7%
2025	2.8%	1.7%	(15.5%)	4.4%	4.3%
2026	3.0%	2.5%	(6.8%)	0.7%	3.6%

International Monetary Fund. 2025. World Economic Outlook: A Critical Juncture amid Policy Shifts. Washington, DC. April.



### Sri Lanka

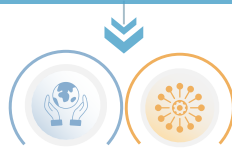
A pro-growth budget with relief measures for the vulnerable was presented by the government in February 2025 which has been well received. While fiscal policy remains tight, monetary policy continues to be fairly accommodating, maintaining interest rates at low levels as inflation has been lower than target levels although it is expected to move up to mid single digits during the year. GDG growth for 2025 is forecast at 3.1% by the World Bank for 2025.

## OUTLOOK AND WAY FORWARD



### Deepen Technological Integration

- Scale up investment in smart systems, automation, and AI-driven platforms to optimise operational efficiency
- Expand the use of predictive analytics and real-time data to support agile decision making across business lines
- Strengthen resilience through proactive disaster risk reduction and business continuity management (DRR/BCM) strategies to identify and manage sustainability and climate-related risks and opportunities, driving sustainable business transformation
- Focus on Personalisation and Service Excellence
- Strengthen CRM systems and customer insights across sectors to deliver customised services and superior experience
- Enhance training programmes to embed a culture of service excellence and continuous improvement



- Maritime & Freight Logistics sector to expand capacity and geographic reach of freight and port-related services
- Power Generation segment to diversify its energy mix further by exploring scalable renewable solutions beyond current operations and in overseas
- Drive Market-Specific Growth Initiatives Tourism: Utilise digital marketing and strategic partnerships to tap into high-growth source markets and boost year-round occupancy
- Strengthen alliances with industry leaders, suppliers, and technology partners to foster innovation and market expansion
- R&D accelerator programme to be launched
- A structured New Business Scorecard was developed and introduced to SBUs to evaluate and guide potential ventures, ensuring alignment with the Group's strategic objectives



- Strengthen value-centricity through culture transformation
- Introduce an Employee Assistance Programme (EAP) to ensure mental wellbeing of Spensonians
- Establish quarterly recognition based on demonstration of Aitken Spence values
- Launch a culture assessment in support of organisational transformation
- Adopt an evidence-based HR approach by leveraging predictive analytics
- Conduct a group-wide Organisational Health Survey (OHS) to assess and improve organisation's overall performance, culture and long-term sustainability
- Enable Performance Management (PM) practices to support organisational transformation
- Continued with focused talent retention for critical mass
- Continued with enhance employee engagement and experience throughout the employee lifecycle



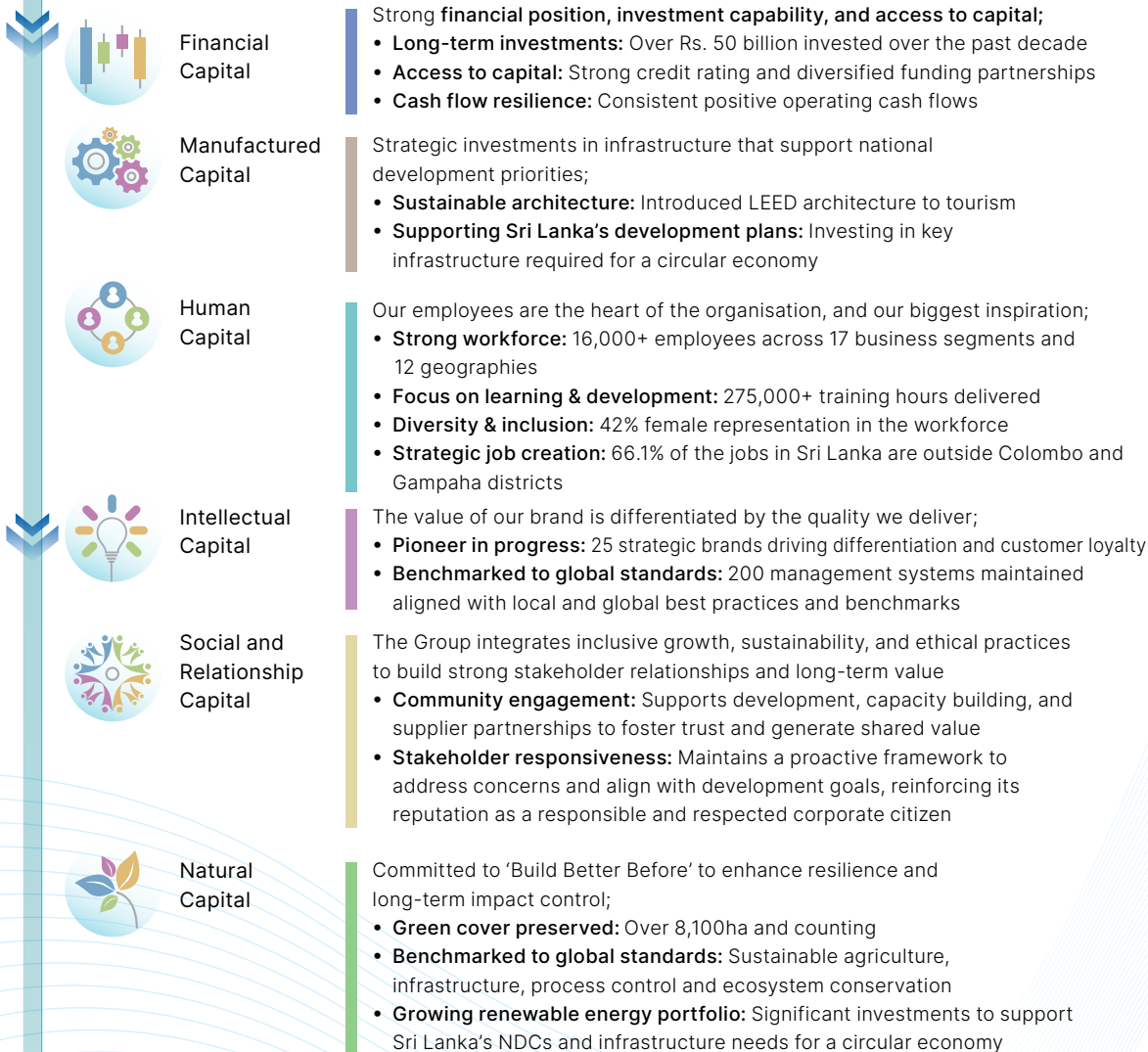
- Process control for energy efficiency to reduce emissions
- Strategies to reduce emissions from transport
- Emphasis on process control and positive behaviours to reduce waste and improve resource efficiency
- Focus will shift to supply chains and materials to cut emissions from purchases and transport
- To support our net zero goals, we will measure carbon capture from new green cover and explore additional nature-based projects





## Our Value Creation Model (GRI 2-6)

### The Capitals

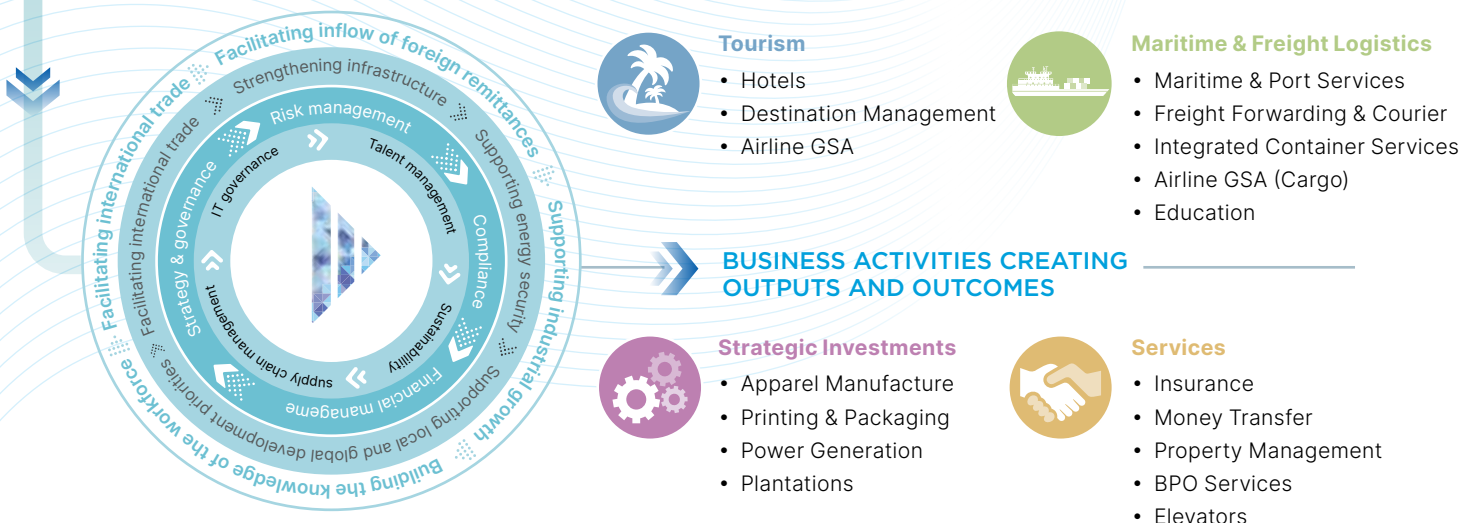


### Read more



- Our purpose, vision, values and goals on page **72**
- Management discussion & analysis on page **166**
- Financial capital report on page **277**
- Human capital report on page **285**
- Intellectual capital report on page **303**
- Manufactured capital report on page **309**
- Social & relationship capital report on page **315**
- Natural capital report on page **325**
- Follow our social media to view more content about our interventions.

### Value Creating Processes and Business Activities





## The Value We Create: The Outputs and Outcomes

### Outputs

### Purpose of the Sector



- Guest nights
- Tour pax
- Flights handled

Strengthening the tourism offering, particularly in Sri Lanka, with sustainable architecture, a skilled and experienced workforce and value-added services.



- TEUs handled
- Liner representation
- Courier services provided
- Tertiary/ vocational education

One of the largest integrated logistics service providers in the country, the sector invests in infrastructure and services to facilitate seamless trade and connectivity to global markets for local entrepreneurs.



- Apparels manufactured
- Printing impressions
- Tea, rubber, palm oil and minor commercial crops
- Energy generated

Showing the strength in our diversity, this sector strengthens national infrastructure and sustainable development through energy, plantations, and innovative business ventures.



- Elevators maintained
- Inwards remittance transactions
- Insurance brokerage services and claims settlements
- Commercial office space client services

The sector connects Sri Lankan businesses with global names and enhances business resilience through cutting-edge technology, financial services, and business process solutions.

Read more about how we create value;



Tourism Sector Review

Maritime & Freight Logistics Sector Review

Strategic Investments Sector Review

Services Sector Review

### Capital Trade-Offs

In line with the Integrated Reporting (<IR>) Framework, capital trade-offs refer to the choices an organisation makes that result in the increase, decrease, or transformation of one type of capital in order to enhance another. These trade-offs are an inherent part of value creation over time.

To achieve the outcomes presented in this report, the Group has made several strategic decisions involving such trade-offs. The instances noted below reflect the use, allocation, or planned commitment of capital—whether financial, manufactured, human, social and relationship, intellectual, or natural. While the outcomes section outlines the capitals enhanced through these efforts, the following points illustrate the capitals utilised or re-prioritised to enable those outcomes.

### Outcomes

### Tradeoff to Create Value

Financial Capital	<b>Rs. 44.4 Bn</b> Value created	<b>Rs. 163.1 Bn</b> Foreign exchange inflows facilitated	<b>Rs. 13.6 Bn</b> Direct & indirect taxes paid	<b>Rs. 3.3 Bn</b> Total investment in capital expenditure	<b>Rs. 33.9 Bn</b> Long term debt
Manufactured Capital	<b>Rs. 202.0 Bn</b> Total assets	<b>Rs. 169.7 Mn</b> IT hardware added to the portfolio	<b>32.9 MW</b> Renewable energy infrastructure	<b>Rs. 429.2 Mn</b> Investments in refurbishments to leisure infrastructure	<b>Rs. 537.4 Mn</b> Invested in Strategic Investment sector
Human Capital	<b>42%</b> Female representation	<b>2,670</b> New jobs	<b>278,034</b> Training hours	<b>Rs. 78.9 Mn</b> Investment in training and skills development	<b>Rs. 17.3 Bn</b> Value created to employees
Intellectual Capital	<b>86</b> Certifications	<b>3</b> New business ventures	<b>42</b> New products/ services	<b>Executive hours of 600+</b> Sponsorships committed to maintain 200 management systems	<b>Rs. 576.7 Mn</b> Invested in digital infrastructure
Social and Relationship Capital	<b>Over 50%</b> Business partnerships exceed 10 years	<b>66%</b> Jobs in Sri Lanka are outside Colombo and Gampaha districts	<b>Over 50,000</b> Customers	<b>Rs. 281.4 Mn</b> Invested in community development interventions	<b>Rs. 64.0 Bn</b> Payments made to suppliers
Natural Capital	<b>8,109 ha</b> Green cover maintained	<b>178,859MT</b> of municipal solid waste diverted from landfill per year	<b>Zero</b> Waterbodies adversely affected	<b>Committed to SBTi</b> to make changes to our business models and reduce emissions	



## The Spence IMPACT: Our Sustainability Vision in a Nutshell

Aitken Spence is a diversified conglomerate operating across more than 16 industries in over 12 countries. Given the scale of our businesses, the diverse geographies we serve, and the complexity of our operating environment, we have defined clear strategic and operational priorities, as outlined in the 'Determining Materiality' section of this report. To drive meaningful action, we have adopted an integrated sustainability policy framework that guides each business segment in implementing initiatives to ensure long-term business sustainability through effective impact control.

Our approach to ensure business sustainability is fundamentally impact-driven, with policy commitments aligned to the SDGs as detailed in the 'Alignment with the SDGs' section. This vision is best captured as Spence IMPACT: a concise representation of our priorities, and integration into Group-wide sustainability action.

### THE SPENCE IMPACT STRATEGY FOR SUSTAINABILITY



Area of focus		Targets	Current position
<b>I</b>	<b>Inclusive development</b> Priority: Enhance diversity, equity, inclusion across the organisation and protect internationally proclaimed human rights across all operations.	<ol style="list-style-type: none"> <li>1. Maintain adherence with the UN Guiding Principles on Business and Human Rights</li> <li>2. Increase the percentage of women in leadership positions to 30% by 2030.</li> <li>3. Achieve 45% female participation in the workforce by 2030</li> </ol>	<ol style="list-style-type: none"> <li>1. Achieved and maintained</li> <li>2. Female representation of 21% in management positions</li> <li>3. Female representation of 42% in the workforce</li> </ol>
<b>M</b>	<b>Mitigation of adverse impacts:</b> Priority: Align with global standards for environmental impact control and climate change mitigation.	<ol style="list-style-type: none"> <li>4. Achieve 'Net Zero', i.e. zero net emissions across the Group by 2030</li> <li>5. Maintain 'Net Positive Impact' on biodiversity and sensitive ecosystems</li> <li>6. Increase resource efficiency year on year</li> <li>7. Treat and safely repurpose or dispose 100% of effluents and wastewater</li> <li>8. Use the 7Rs to repurpose or recycle 100% of the solid waste generated</li> </ol>	<ol style="list-style-type: none"> <li>4. 86% from the FY2020 baseline</li> <li>5. Achieved and maintained</li> <li>6. Efforts ongoing</li> <li>7. Achieved and maintained</li> <li>8. Efforts ongoing</li> </ol>
<b>P</b>	<b>Partnerships for progress:</b> Priority: Foster collaborations and partnerships with like minded investors who can advance the Group's ambitions for sustainable business growth.		Please refer to the Social & Relationship Capital section of this report
<b>A</b>	<b>Accountability:</b> Priority: Maintain highest standards of governance, transparency, and ethical conduct across all investments and business relations.		Ongoing
<b>C</b>	<b>Community:</b> Priority: Identify community needs and provide sustainable support through targeted interventions including (not limited to) local employment, purchasing,		Ongoing
<b>T</b>	<b>Transformation:</b> Priority: Drive innovation through new business opportunities and adapt existing business models for long-term sustainability and resilience against sustainability related risks and risks from climate change.	<ol style="list-style-type: none"> <li>1. Develop pool funds for emergency response and business resilience</li> <li>2. Invest in research and development of risk mitigation strategies and sustainable business opportunities.</li> </ol>	<ol style="list-style-type: none"> <li>9. Efforts ongoing</li> <li>10. Efforts ongoing</li> </ol>