

DECODING OUR INTEGRATED APPROACH TO SUSTAINABILITY

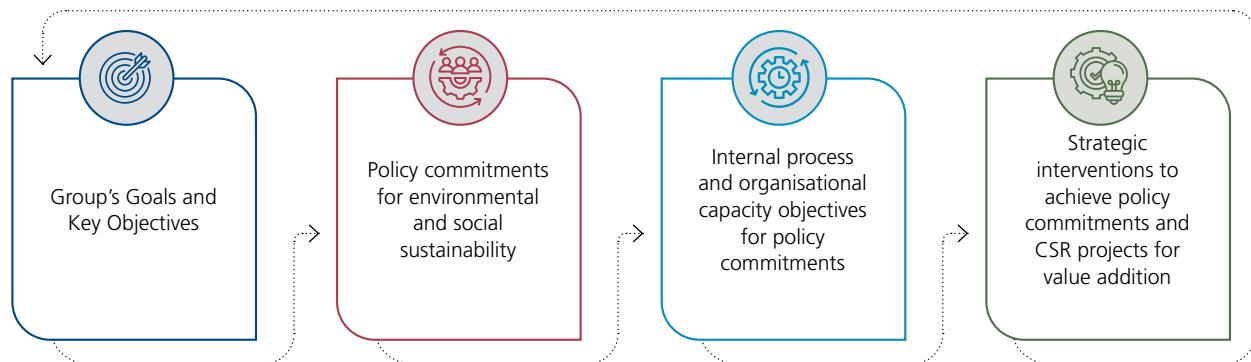
Our Integrated Sustainability Policy



As we have detailed in earlier sections of this report, the approach we take in our integrated sustainability strategy gives priority to potential and actual socioeconomic and environmental impacts identified for our operations. We use stakeholder feedback, desk reviews, expert insights as well as local and global needs identified to prioritise the impacts. To present an example, we studied the targets and indicators within the SDGs before we aligned with seven SDGs towards which the Group's companies collectively contribute through;

- » Systemic interventions (i. e. efforts integrated into the business models)
- » CSR interventions (i. e. additional efforts to provide support and advance development)



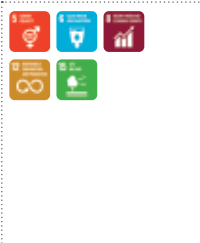




These collective interventions contribute towards reaching the key objectives of the Group to achieve our goals. Shown below is a synopsis of these efforts.



The process of identifying impacts and integrating within the sustainability strategy of the Group








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Synopsis of collective interventions to achieve our goals and key objectives;

Integrated Policy Commitments:	Internal Process or Organisational Capacity Objectives	Alignment to SDGs	Applicable GRI Topics
<p>A Maintain best practices in legal and regulatory compliance</p>	<p>Zero non-compliance with laws and regulations</p>		<p>General Disclosures</p>
<p>B Endorse local & global development priorities</p>	<p>Establish systemic interventions to facilitate the achievement of the SDGs and strengthen the adoption of the Ten Principles of the UNGC, the Women's Empowerment Principles and other voluntary endorsements of the company across the Aitken Spence Group</p>		<p>General Disclosures</p>
<p>C Ethical conduct of business</p>	<p>Zero non-compliances with laws and regulations, and stipulations regarding voluntary codes concerning marketing communications, product and service information and labelling</p> <p>Zero incidents of corruption, anti-competitive behaviour, ant-trust and monopoly practices, discrimination, and non-compliance concerning the health and safety impacts of products & services</p>		<p>General Disclosures</p>
<p>D Commit to prevent adverse environmental impacts</p>	<p>100% segments to establish impact control mechanisms</p> <p>Zero adverse impacts to natural water sources, protected areas and areas of high biodiversity value outside protected areas</p> <p>Set and achieve science-based targets towards reaching a state of net zero emissions by 2030</p>		<p>Topic Standards on environment (300 series of standards)</p>
<p>E Climate change risk and disaster risk reduction (DRR)</p>	<p>By 2025, all SBUs to strengthen BCPs with Disaster Risk Reduction (DRR) mechanisms with special focus on climate change related risks.</p> <p>Proactively strengthen business resilience against climate change related risks year on year</p>		<p>General Disclosures</p> <p>Topic standard 201</p>
<p>F Stakeholder engagement</p>	<p>Continually and proactively engage with key stakeholders to identify social, environmental, and economic impacts, needs and consumer trends</p>		<p>General Disclosures</p>
<p>G Encourage supply chain sustainability</p>	<p>Encourage 100% suppliers to implement and maintain sustainable strategies</p> <p>100% suppliers to be included within ESG due diligence procedures</p>		<p>General Disclosures</p> <p>Topic standards, 308 and 414</p>







Strategic Interventions	CSR Projects	Progress
<ul style="list-style-type: none"> » Internal audit procedures » Legal registers maintained as per the requirements of management systems maintained across the Group 	None	Achieved and ongoing
<ul style="list-style-type: none"> » Participation in the UNGC Working Groups on climate action, gender, and human rights at the workplace » Leading the Working Group on human rights » Participating in the accelerator programmes of the UNGC for Target Gender Equality, Climate Ambitions, Human Rights at the Workplace and SDG Innovators » Partnerships maintained (See list of Memberships and Industry Associations on our website and in the Annexes) 	Awareness campaigns conducted on social media Alignment of community development projects and environmental projects to SDGs (More details provided in the Capital reports)	Ongoing
<ul style="list-style-type: none"> » Group's Code of Ethics and Professional Conduct made accessible to all employees as a printed document and an online learning tool with over 10,000 employees views » Internal audit procedures » Group's integrated sustainability policy and implementation framework rolled out through the Sustainability Team » Ongoing employee engagements to create awareness on the Group's HR policies 	None	Achieved and ongoing
<ul style="list-style-type: none"> » Environmental Management Systems (EMS) aligned to ISO 14001:2015 or similar mandated and KPIs monitored across the Group » Annual internal/ external inspections » Certified EMSs maintained across key operations with higher estimated vulnerability to environmental impacts » Supplier screening introduced for ESG due diligence 	Tree planting campaigns carried out by business segments Plants donated by the nursery maintained at the Embilipitiya power plant	Ongoing
<ul style="list-style-type: none"> » MDs, HODs and core members required to work on DRR trained by the Asia Pacific Alliance for Disaster Management Sri Lanka (APAD-SL) and the Disaster Management Centre – Sri Lanka » DRR Team formed with sectoral teams and communications channels formed with direct access to share alerts, notices and briefings from the DMC/ APAD-SL 	Reforestation and food safety initiatives implemented within the plantations segment (More details in the Capital Reviews) Discussion panels, events and social media used to create awareness on public platforms	Ongoing
<ul style="list-style-type: none"> » Shareholder Feedback Form made accessible on this report and on our website on aitkenspence.com/feedback » Proactive activities rolled out routinely to seek feedback from stakeholders on specific material topics » 'Voice of Spensonians' survey launched across the Group » 'SpenceWay' survey carried out to seek feedback from specific customer segments » Segmental engagements with communities to enable a channel of engagement to seek feedback and comments 	Routine community development initiatives implemented across the Group to engage with community members proactively. (More details to be provided in Social & Relationship Capital report)	Achieved and ongoing
<ul style="list-style-type: none"> » Due diligence procedures introduced within the Group 	Specific segments conduct training and awareness building programmes for suppliers on ESG	Ongoing

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<p>H Incorporate ESG in strategic decision-making processes</p>	<p>All investment decisions to be screened through ESG due diligence procedures of the Group</p> <p>Routinely brief and sensitise the HODs, the Management Council, the Group Supervisory Board and the Main Board on key topics material to ensure the Group's social, environmental and economic sustainability.</p>		<p>General Disclosures</p>
<p>J Process control for risk management</p>	<p>Implement and maintain processes across all operations to proactively identify and manage risks</p>		<p>General Disclosures</p>
<p>K Promote innovation in internal processes, products & services</p>	<p>Inculcate a culture of innovation with internal processes implemented to generate new ideas, deliver unique customer experiences, and improve productivity across all operations</p>		<p>General Disclosures</p>
<p>L Enhance quality of products and services and value delivered to customers</p>	<p>Year on year, continual process improvements to deliver best in class customer experiences</p> <p>Strengthen brand visibility across all market segments</p>		<p>Topic standards; particularly 308, 404, 414, 416, and 417</p>
<p>M Build partnerships for community development</p>	<p>Proactively identify community needs and introduce strategic interventions to deliver long term value</p> <p>Plan projects to drive at least 75% employee engagement in community development interventions</p>		<p>Topic Standards; particularly 201, 202, 203, 204, 401, 403, and 413</p>
<p>N Support and enable local economic development</p>	<p>Prioritise and enable employment and purchasing opportunities to communities from within 35-45km radius of the operations outside Colombo where practicable adhering to SOPs</p> <p>Engage with local suppliers to create awareness about ESG, and sustainability</p> <p>Create awareness among key community segments to create a green workforce</p>		<p>General Disclosures</p> <p>Topic Standards; particularly 201, 202, 203, 204, 401, 403, and 413</p>
<p>O Ensure safe workplaces for employees</p>	<p>All operations to implement HIRAC procedures to ensure occupational health & safety (OHS) and safe workplaces for all stakeholders</p> <p>Zero accidents at the workplace</p>		<p>Topic Standards on employment and labour standards (400 series of topic standards)</p>

Strategic Interventions	CSR Projects	Progress
<ul style="list-style-type: none"> » Due diligence procedures for new projects » Internal weekly communiqué called 'Coffee Break' shared among the GSB and the Management Council (MC) on news, updates and trends in sustainability and innovation. This was initiated by Dr. Parakrama Dissanayake and is reviewed by Dr. Fernando every week. » Executive Director, Ms. Stasshani Jayawardena, received briefings and participated in discussions on policies, procedures and best practices for gender equality at the workplace as the Ambassador from Aitken Spence in UNGC's Target Gender Equality accelerator programme. » The Group's CHRO, Mr. Suresh Muttiah, is currently participating as the Ambassador from Aitken Spence in the Business & Human Rights accelerator programme » Executive Director and former Chairperson of the Board of Directors of the UNGC Local Network Sri Lanka, Dr. Rohan Fernando, is briefed on our material topics on a daily basis. Dr. Fernando discusses updates and pertinent issues with the GSB, MC and the Main Board on progress made in the Group's sustainability strategy. 	None	Ongoing
<ul style="list-style-type: none"> » Internal due diligence procedures » Vulnerability assessments carried out at all key operations by the Group's DRR team 	None	Ongoing
<ul style="list-style-type: none"> » 'SpenceLabs', 'Spence Hackathon' and 'Spence Innova' platforms launched for employee engagement to enable idea generation (More details in the Human Capital report) » Two teams of four Spensonians are participating in the UNGC SDG Innovation accelerator programme with MD/ CEO of Elevators and MMBL and Certified Lean Six Sigma Black Belt Mr. Hindurangala participating as the Ambassador from Aitken Spence to guide these teams. 	Travels and hotels segments participate in supplier engagement activities to educate and encourage suppliers to embrace ESG and innovation to elevate their product and service offering.	Ongoing
<ul style="list-style-type: none"> » Quality management systems and/ or SOPs maintained by all operations » Elevators segment partnered with CINEC Campus to train the next generation of elevator service technicians 	Plantations segment also engages with SMEs to introduce new products and services	Ongoing
<ul style="list-style-type: none"> » Segmental engagement in industry associations and organisations » Group level and segmental partnerships with organisations such as Save the Children, Foundation of Goodness, APAD-SL etc. to engage in strategic interventions 	Please refer to the Social & Relationship Capital section for details on community development interventions	Ongoing
<ul style="list-style-type: none"> » Local purchasing policies practiced by key segments » Priority given to applicant from the local community, especially in operations located outside Colombo » Educating suppliers from local communities on expected ESG standards to develop supply chain sustainability and to ensure local suppliers can have access to bigger supply chain networks 	Partnering with external organisations to reach extended supply chains for education on ESG and to showcase their products and services	Ongoing
<ul style="list-style-type: none"> » Group level OHS procedures » Certified management systems maintained by segments who have identified OHS as a significant material topic » HR procedures and frameworks such as e-platforms for medical consultations 	<p>Awareness programmes such as Power Learning sessions and webinars with specialist doctors</p> <p>Annual blood donation campaign to create awareness on Thalassaemia</p>	Ongoing

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<p>P Policies & strategies to harness a strong and motivated workforce</p>	<p>Achieve employer of choice status with a 90% employee engagement score by 2030</p>		<p>Topic Standards on employment and labour standards (400 series of topic standards)</p>
<p>Q Support & protect internationally proclaimed human rights</p>	<p>Zero incidents of discrimination and violations of human rights at the workplace Ensure 100% awareness among all employees about grievance handling mechanisms and remedial action available for violations of human rights across the Group</p>		<p>Topic Standards on employment and labour standards (400 series of topic standards)</p>
<p>R Public disclosure of performance</p>	<p>Align the Group's performance disclosures in accordance with the GRI Standards Train and educate assigned team members across the group on data requirements and ensure routine disclosure on data recording platforms enabled across the Group</p>		<p>General Disclosures</p>
<p>S Ensure information security of the organisation</p>	<p>Educate all employees on information security related SOPs Zero non-compliances with relevant rules, regulations, industry standards Ensure adherence to guidelines to safeguard the internal information assets, maintain information confidentiality, integrity and availability</p>	<p>None</p>	<p>Not covered in GRI</p>
<p>T Policies & strategies for responsible communication</p>	<p>Zero incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling, and marketing communications Increase brand visibility across all markets Resolve 100% substantiated complaints received concerning breaches of customer privacy All communications from our companies to be screened to ensure adherence to SOPs</p>		<p>General Disclosures Topic standards; particularly 308, 404, 405, 406, 407, 408, 409, 414, 416, 417, and 418</p>
<p>U Uphold animal welfare</p>	<p>Uphold animal welfare within our operations considering all animals as sentient beings, who deserve humane treatment</p>		<p>Topic Standard on Biodiversity</p>
<p>V Uphold annual performance review and future planning</p>	<p>100% operations to carry out annual internal inspections and conduct reviews and future planning with the Top Management</p>		<p>General Disclosures and all Topic Standards</p>

For more information and our management approach for all material topics, please refer to the Capital reports on pages 193 to 248.

Strategic Interventions	CSR Projects	Progress
<ul style="list-style-type: none"> » Enhance talent bench strength for leadership and critical positions » Establish an objective based talent management ecosystem » Attract best-in-class talent » Nurture a value centric performance culture » Focused talent retention for critical mass » Enhance employee experience » Commitment to Diversity and Inclusion » Foster innovation and digital transformation 	Employee engagement activities carried out by Group HR and the HR Partners	Ongoing
<ul style="list-style-type: none"> » Human Resource procedures of the Group including SOPs for grievance handling and prevention of sexual harassment » Due diligence procedures maintained across the group » Training and education provided to key team members on human rights at the workplace » ESG introduced into supplier screening procedures 	Awareness provided to suppliers on the Group's ESG benchmarks and due diligence procedures	Ongoing
<ul style="list-style-type: none"> » Group's public disclosures adhere to GRI Standards 2021 » Online and offline systems enabled, monitored and reviewed across the Group for performance data collection » Internal capacity built on the GRI Standards (including a key team member who is a GRI certified sustainability professional) to ensure accurate adherence to the standard » Internal gap assessments conducted on disclosures » External assurance sought by Aitken Spence PLC, and Elpitiya Plantations for public disclosures. 	Participation in awards programmes and other public platforms to share our insights on public disclosures	Ongoing
<ul style="list-style-type: none"> » ISO 27001 certified management system and SOPs maintained by Group IT for information security 	None	Ongoing
<ul style="list-style-type: none"> » Brand custodianship controlled by Group Business Development Division with the Group's Communications Teams » SOPs maintained for communications of the Group with standards reviewed routinely with the Group's Communications Teams » Key team members of the Group's Communications Teams educated on sign language to ensure special needs guests are able to access the services they need 	None	Ongoing
<ul style="list-style-type: none"> » Guidelines developed for the guests, associates, employees and suppliers to educate stakeholders and to ensure compliance within the supply chain » Key stakeholders educated on biodiversity, conservation, prevention of wildlife trafficking and prevention of the exploitation of wildlife 	Partnerships formed by the hotels segment to ensure the welfare of community dogs	Ongoing
<ul style="list-style-type: none"> » Annual reviews mandated at segmental and Group level to evaluate performance against our policy commitments. 	None	Achieved and ongoing

BENCHMARKED TO GLOBAL STANDARDS:

THE GRI INDEX, THE UN GLOBAL COMPACT AND THE WOMEN'S EMPOWERMENT PRINCIPLES

28 May 2022 marked 20 years of engagement for Aitken Spence PLC as a signatory to the UN Global Compact. This was an integral step in the company's formation of a formal sustainability strategy, incorporating priorities for long-term social, environmental and economic sustainability, viability, profitability and integrity of the company. Aitken Spence internalised these 10 principles from the inception of the Group's sustainability strategy and our progress can be viewed in this report as connected through this GRI Index.

Aitken Spence PLC aligns with the Global Reporting Initiative's frameworks for sustainability reporting as it is the most widely used framework in the world affording us comparability of information. Our report for this financial year is 'In Accordance' with the GRI Standard reporting framework to disclose our performance information. Requirements of these global benchmarks also influences the Group's integrated sustainability policy and its implementation framework.

The Group became signatory to the Women's Empowerment Principles in 2010/2011, among the first entities in the world to do so.

The Ten Principles of the UN Global Compact

Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights
2. Business should make sure they are not complicit in human rights abuses.

Labour Standards

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labour.
5. Businesses should uphold the effective abolition of child labour.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges.
8. Businesses should undertake initiatives to promote greater environmental responsibility.
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

The 7 UN Women's Empowerment Principles

1. Establish high-level corporate leadership for gender equality
2. Treat all women and men fairly at work – respect and support human rights and nondiscrimination
3. Ensure the health, safety and well-being of all women and men workers
4. Promote education, training and professional development for women
5. Implement enterprise development, supply chain and marketing practices that empower women
6. Promote equality through community initiatives and advocacy
7. Measure and publicly report on progress to achieve gender equality



Refer to the following icons in the GRI Index, showing the connection between the Ten Principles of the UNGC, and the seven principles of the Women's Empowerment Principles;

UNGC Principles:



Women's Empowerment Principles:





This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.