

SOCIAL AND RELATIONSHIP CAPITAL



Nurtured over a journey of 150 years, our social and relationship capital exemplifies mutual trust and confidence with our customers, business partners, suppliers, and communities. These relationships have grown stronger over time as we continue to create mutual value and foster collaboration. The strength of our strategic partnerships remains key to maintaining our leadership across various segments and driving our continued success.

Strategic Priorities 2022/23	Key Achievements 2022/23	Priorities for 2023/24
Enhance our product and service offerings and create value for customers through innovation.	<ul style="list-style-type: none"> » Innovation through the SpenceInnova » Conducted the SpenceWay service excellence survey across all 16 business segments. » Customer portals to facilitate real-time service in Freight & Logistics segments » Use of recyclable and sustainable fabrics in the apparel segment » Charter flights introduced from new source market – Bulgaria by the Destination Management segment » 24-hour call center operated by the Money Transfer segment » Automated fund transfers in the Insurance segment 	<ul style="list-style-type: none"> » Create one-of-a-kind experiences for customers in the Tourism Sector » Maximise the utilisation of technology and process improvement mechanisms for swift delivery of products and services to customers.
Consolidate relationships with business partners through sustainable value creation and engagement based on mutual trust.	<ul style="list-style-type: none"> » 3 new strategic partnerships » Over 20 long-standing strategic partnerships with global partners. 	<ul style="list-style-type: none"> » Explore new markets and geographies through existing partnerships » Engage with business partners to collaborate on strategies and joint initiatives for sustainable value creation
Build and enhance sustainable and resilient supply chains.	<ul style="list-style-type: none"> » 1,203 suppliers screened on ESG » Ongoing engagement with suppliers to establish ESG benchmarks » On-time payments made to suppliers exceeding Rs. 58 billion » Long-term contracts with key suppliers to strengthen working relationships and knowledge sharing for mutual business development. 	<ul style="list-style-type: none"> » Progressively expand ESG screening procedures among supply chains » Include key stakeholders in disaster risk reduction interventions
Strengthen local communities through access to development opportunities, entrepreneurship, capacity building and purposeful community engagement.	<ul style="list-style-type: none"> » Rs 260 million in funds channelled for community development initiatives. 	<ul style="list-style-type: none"> » Include key stakeholders in disaster risk reduction interventions » Strengthen strategic interventions for community development » Mitigate climate impacts within the supply chain by increasing awareness and capacity building initiatives through partnerships

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Customer relationships

Customer profile

- » Our customer base is diverse and spread across the globe, reflecting the diversity of our business operations which span 9 different geographies and 16 business segments.
- » Our customers include individuals, SMEs, corporates, institutions and governments.



> 50,000 Customers

Value created to customers

Ongoing customer engagement

Product and service quality and reliability

Product and service responsibility

Direct and indirect contribution to the SDGs



Highlights of our customer relationship management in 2022/23

- » Plantations – Expansion of the Harrow House and Ceylon Choice product portfolio and improving accessibility through the addition of new outlets.
- » Integrated logistics – Establishment of internationally recognised HSSE guidelines and practices across the warehousing segment.
- » Freight – Introduction of a customer portal facilitating improved tracking of shipments, e-payment services, and real time tracking of invoices.
- » Apparel – Initiated production of garments using recycled and sustainable fabrics.
- » Elevator – Streamlined elevator maintenance procedures through the introduction of technology.

Product and service quality and reliability

Focus on innovation	<ul style="list-style-type: none"> » SpenceLab, our intrapreneurship initiative, actively encourages our employees to generate fresh ideas and explore novel approaches to work whilst SpenceInnova is an extension of the SpenceLab initiative that allows employees to implement those innovative ideas » Ongoing efforts to develop new and sustainable products and services including, <ul style="list-style-type: none"> – Printing – a dedicated new product development team to enhance value delivered. – Apparel – production of clothing using recycled and sustainable fabrics. – Plantations – Emphasis on expanding the product portfolio.
Focus on reliability	<ul style="list-style-type: none"> » Our capacity to respond swiftly to developments in the operating environment enabled us to fulfil customer needs in a timely manner.
Focus on customer convenience	<ul style="list-style-type: none"> » Ongoing efforts to expand our customer reach to increase access to our products and services. » Investments in technology to automate and digitalise routine processes, increasing convenience to customers. <ul style="list-style-type: none"> – Integrated logistics – Introduction of real-time temperature monitoring facility. – Freight – Use of digital systems to manage the process from end-to-end. – Maritime – Operational updates to customers through WhatsApp. – Insurance – Automation of fund transfers for claim settlements. – Elevator – Enhanced the maintenance related customer experience through automation (Maintenance Automation System) and Contract Management Systems.
Focus on quality assurance	<ul style="list-style-type: none"> » Comprehensive quality assurance systems across the value chain for our manufacturing facilities. » Adherence to numerous local and global standards to enable high quality products and services while minimising our environmental footprint.
Culture of excellence	<ul style="list-style-type: none"> » A culture of delivering excellence is ingrained among all Spensonians, nurtured through continuous training and development initiatives. During the year, training on customer service excellence was delivered across the Group. For example, as part of the Group's sustainability strategy, to bridge the communication gap and to be more inclusive in delivering customer and public expectations a training on learning the fundamentals of sign language (600 hours) was carried out across the Group. We are also committed to leveraging technology to streamline routine processes and enhance efficiency, thereby redirecting employee attention and efforts towards the delivery of exceptional customer service.

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Product responsibility (GRI 3-3, 415-1, 416-1, 417-1)

The Group maintains 112 diverse management systems for social sustainability including occupational health and safety, quality, food safety and ESG, out of which 51 systems are certified in adherence to global benchmarks. Each business segment actively assesses the sustainability of its products and services as well as its value chain in efforts to create long-term value to all stakeholders.

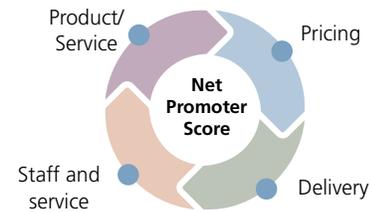
Ensuring customer health and safety is a vital aspect of product responsibility. As a result, our Strategic Business Units (SBUs) have acquired certifications that offer customers and other stakeholders' reassurance regarding the health and safety aspects of our products and services. These certifications serve as a guarantee of our commitment to maintaining the well-being and security of our customers. Please refer Intellectual Capital for the list of certified management systems or website <https://aitkenspence.com/sustainability>

While 03 grievances were filed through the formal grievance mechanisms during 2022/23, no incidents were recorded regarding the following.

The Performance Indicator	2021/22	2022/23
Total number of grievances filed through formal grievance mechanisms during the reporting period	05	03
GRI 205 – 3: Total number and nature of confirmed incidents of corruption and action taken	None	None
GRI 206 – 1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None	None
GRI 406 – 1: Total number of incidents of discrimination and corrective action taken	None	None
GRI 411 – 1: Incidents of violations involving rights of indigenous peoples	None	None
GRI 416 – 2: Incidents of non-compliance concerning the health and safety impacts of products and services	None	None
GRI 417 – 2: Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	None	None
GRI 417 – 3: Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	None	None
GRI 418 – 1: Total number of substantiated complaints received concerning breaches of customer privacy	None	None
Non-compliance with laws and regulations or reported incidents of financial and in-kind political contributions	None	None

To maintain the credibility and precision of all marketing communications, a comprehensive process is implemented across the Group. This process involves thorough scrutiny and approval of press releases and advertisements by the Group's Corporate Communications unit before they are published. This ensures that the integrity and accuracy of the content are upheld throughout the Aitken Spence Group. The Group strives to ensure effective delivery of communications in the appropriate languages. For example, the Group has expanded the distribution of press releases in Tamil media during the year.

Customer engagement



Ongoing engagement with customers forms a critical component of our customer relationship management strategy as it enables us to grasp evolving customer needs and identify pain points.

Strengthening engagement with customers was particularly crucial in the Tourism Sector given the developments in the operating environment of Sri Lanka.

In addition to the engagement methods mentioned below, we carried out the SpenceWay service excellence survey across all 16 business segments and gathered feedback from customers regarding four key areas. The feedback was used to calculate a Net Promoter Score for each business, enabling us to gauge customer satisfaction levels. The results of these surveys are discussed at Management level to determine improvements. 'Mentions' about our brands and services are tracked using tools such as trend trackers, website statistics and social media insights that show trends in the interests.

Moreover, customer feedback is also tracked through our Group website and our SBU websites, relevant Customer Relationship Management (CRM) platforms maintained by some of our SBUs. Most of our SBUs operate on a B2B model and maintain a point of contact to manage communication. For these SBUs, any issues are addressed as and when they arise, and the situation supersedes in priority.

Methods of customer engagement



- » Direct communications with designated points of contact.
- » SpenceWay – Customer satisfaction surveys.
- » Buyer inspection audits
- » Social media, corporate website, and print media.
- » Feedback from online platforms such as TripAdvisor and ReviewPro.

Relationships with joint venture partners and principals

The strategic partnerships forged with prominent global partners over a long operating history of 150 years afford the Group a strong competitive edge enabling the Group to retain its market leadership position across multiple sectors. These partnerships play a crucial role in providing the Group with access to global markets, allowing them to take advantage of opportunities and drive their growth ambitions. Several of the Group's enduring alliances originated as agency relationships and evolved into equity partnerships, highlighting the significant value it generates for its business collaborators.



50th Anniversary as a General Sales Agent

During the year, the Group celebrated its 50th anniversary as a General Sales Agent for Singapore Airlines. This partnership was initially forged in June 1972 with Malaysia Singapore Airlines (MSA), presently known as Singapore Airlines. Our partnership with Singapore Airlines represents the longest GSA relationship in the Singapore Airlines global network, representing decades of trust, teamwork and shared goals in delivering exceptional service and travel experiences to local travellers.

New partnerships were forged in 2022/23 to sustain our competitive position and drive our strategic aspirations. These are listed below.

New partnerships in 2022/23

- » Freight segment – Sri Lanka network office of Cargo Partner Logistics and NVD Asia Logistics
- » Insurance segment – Appointed by Maritime Mutual Insurance Association NZ Ltd. and EC3 Marine Global Network UK (Survey and Cargo claims)
- » Integrated logistics segment - represents the Braid Group in Sri Lanka for their bulk liquid logistics solutions, including flexitank operations.

Joint venture partners and principals



Representatives in
Sri Lanka and the Maldives since 2015



GSA for Qatar Airways (Cargo)
Since 2011



JV partner



Representing one of the world's largest
destination management companies for over 40
Years and JV partners since 2004.



Representing Emirates Holidays
Since 2014



the longest standing GSA representation in the
Singapore Airlines network (since 1972).



Equity partner since 1989



Agents since 1876



Representing Western
Union since 2006



For the full list of our strategic partnerships please refer our website <https://aitkenspence.com/about-us/our-partners>

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Partnerships for building business resilience

The Group has an active partnership of 10 years with Asia Pacific Alliance Sri Lanka (A-PAD) and Disaster Management Centre (DMC) as a commitment to incorporate Disaster Risk Reduction (DRR) strategies into its businesses both locally and globally with the purpose of building resilient businesses.

Due to the varied nature of our businesses, each Strategic Business Unit (SBU) operates according to its specific mandate while aligning with the Group's sustainability policy. To ensure preparedness, all SBUs, along with their respective Managing Directors, have undergone comprehensive training in DRR and Business Continuity Planning (BCP). This training equips them with the skills needed to develop crisis communication strategies, which are subsequently implemented within their individual SBUs.

In addition, Aitken Spence has collaborated with our partners in various knowledge sharing initiatives, including A-PAD, the Disaster Management Centre - Sri Lanka, International Organisation for Migration (IOM) Mission in Sri Lanka, Sri Lanka Preparedness Partnership (SLPP), and the Ministry of Environment Sri Lanka. Recognising its proactive involvement, Aitken Spence was selected by SLPP to represent the private sector during a cross exposure visit to Pakistan.



Mr. Firzan Hashim – Country Director, A-PAD handed over the token of appreciation to Dr. Parakrama Dissanayake, Deputy Chairman Aitken Spence, to mark the 10 years partnership with Aitken Spence PLC



Aitken Spence participation for the Sri Lanka Preparedness Partnership (SLPP) to represent the private sector in the Sri Lankan delegation's exposure visit to Pakistan.

Value created for business partners



Direct and indirect contribution to SDGs



Delivering sustainable returns

Our principals and joint venture partners are integral to our growth, providing us with connections to global networks and opportunities. We, in turn, remain committed to delivering returns that commensurate the risk.

Strict adherence with global standards

Strict adherence to global standards established by our principals and equity partners.

Regular engagement

Ongoing engagement with our joint venture partners and principals has enabled a deeper understanding of their needs and facilitated effective communication about progress and challenges in a timely and transparent manner. This mutual trust and transparency have formed the bedrock of our partnerships.

Dividends paid to equity partners of the Group Rs. 4.3 billion



Memberships and affiliations

By consistently engaging with industry associations, we stay informed about evolving trends in various sectors and gain insights into the needs of our stakeholders. These ongoing interactions not only enable us to adapt to changing requirements but also assist us in finding effective solutions that align with our operational priorities.

We actively collaborate with over 130 industry organisations, benefiting from their feedback to strengthen our operational frameworks for environmental and social governance, as well as responsible product and service delivery. We are proud to have engaged with the UN Global Compact Sri Lanka Network for 20 years and endorsed the Women's Empowerment Principles for 12 years.

In 2022, Aitken Spence marked 20 years of engagement with the UN Global Compact Sri Lanka Network and 11 years since endorsing the Women's Empowerment Principles



Supplier relationships

Supplier profile

As a diversified Group, we maintain an extensive supplier base that exceeds 28,000 suppliers and service providers through whom we procure a range of input that reflect the breadth of our operations. Our suppliers and service providers are diverse in nature and range from small and medium scale entrepreneurs to large scale businesses. The long-term relationships we have fostered with our suppliers have been vital in ensuring an uninterrupted supply of high-quality input enabling us to maintain excellence in goods and services.

Visit our website aitkenspence.com/sustainability for details of our Memberships and Affiliations



Value created to suppliers.

Total payments made to suppliers **Rs. 58.4 Bn**



Direct and indirect contribution to SDGs



> 28,000 Suppliers



Transparent and fair dealings

Standard policies and procedures guide our interactions with suppliers including,

- » A fair and transparent selection process for new suppliers.
- » Timely payment of supplier dues.

Rate revisions were negotiated with several suppliers in Sri Lanka during the year to support them through the challenges stemming from the operating environment.

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Supplier development

Emphasis on developing local suppliers involves providing training to enhance their capacity, capabilities and commitment to ensure supply chain resilience and sustainability. This empowers them to become more competitive and self-reliant while fostering a more sustainable business eco-system for the Group.

Supplier engagement

Through active engagement with suppliers, we gained insight into their key issues and concerns, enabling greater collaboration, effective problem-solving and mutual value creation.

Creating sustainable supply chains (GRI 308-2, 414-2)

Ensuring supplier compliance with regulations and alignment with the Group's ESG priorities is crucial. Segments across the Group screen suppliers to assess their compliance and ESG practices, incorporating these requirements into contractual commitments when appropriate. Additionally, we collaborate with suppliers to educate them about the significance of these procedures and assist them in developing practices that meet these standards. These ongoing engagements and relationships are vital to ensure business resilience and continuity, fostering a shared commitment to regulatory compliance and sustainable practices throughout our supply chains.

The Performance Indicator				
New and existing suppliers screened using social/ environmental criteria in 2022/23	144	576	112	61

1,203 suppliers screened during the year (over 4,000 in total and roughly 4% of our supply chain) to ensure due diligence with ESG. There were no reported incidents of significant negative impacts on our communities or the environment or non-compliance with laws, regulations or minimum standards established for product responsibility.

Initiatives carried out during the year to strengthen our supply chains

- » Leveraging technology to improve and streamline procurement from suppliers.
- » Continuation of due diligence procedures
- » Ongoing investments in capacity building, training and enhancing awareness on the Group's benchmarks including quality, adherence to health and safety guidelines, ESG and ecosystem sustainability.
- » Expanding our supplier base to mitigate supply disruption risks caused by over reliance on a limited number of suppliers.
- » Negotiating supply chain financing for SEM suppliers to secure an uninterrupted supply of raw materials despite supply disruptions.
- » Use of digital systems and platforms to carry out supplier evaluations and procurement, enhancing efficiency and minimising the consumption of paper.
- » Emphasis to build long-term relationships with suppliers to drive mutual value creation.

Community relationships

(GRI 203-2, 413-1, 2)

As a prominent player in economically and socially significant sectors, we recognise the substantial positive impact we can make on communities. We are dedicated to empowering and strengthening these communities through proactive engagement and contributions to their socio-economic development. By actively participating in initiatives that promote empowerment and upliftment, we prioritise social and environmental sustainability. It is essential to implement systemic intervention that adds value to communities while ensuring any adverse impact are effectively controlled. Our strong relationships with communities position us as a responsible corporate citizen. Throughout the year, there were no reported instances of non-compliance with laws and regulations concerning social, economic and ethical considerations or negative impacts on local communities.

Value created for communities

Rs. 260 million in funds channelled towards impactful community development initiatives during 2022/23.

Empowering communities through economic opportunities, and skills development.

Uplifting communities through community development interventions

Direct and indirect contribution to SDGs



Empowering Communities (GRI 203-2)

The Group has operations in Northern, Central, Southern, Sabaragamuwa, Eastern as well as Western provinces in Sri Lanka and 8 other countries across our shores. To enable opportunities for economic development, our segments place emphasis on local purchasing and employment as part of our strategies for community development.

The Performance Indicator				
Definition of 'local' for community development interventions (GRI 204-1)	The hotels segment prioritises areas within 35-45km radius of the hotels located in the Western, Southern, Central and Eastern provinces in Sri Lanka and the local community of our operations overseas.	Local suppliers in the countries of operation.	Suppliers from the immediate community within our operations in the Western, Central, Sabaragamuwa and Southern provinces are considered as 'local' suppliers.	Suppliers across the country are counted as 'local' suppliers. However, the concept of 'local' does not apply to recruitment in this Sector due to the location of its operations in Colombo.
Local employment (GRI 202-2)	Over 30% of the non-management team and over 50% of the employees at our hotels in Sri Lanka are from the local community.	Over 90% of the non-managerial employees in Fiji are from the local community.	Over 90% of the non-managerial employees and roughly 10% of the management team in plantations and apparel segments are from local communities.	N/A
Proportion of spending on local suppliers (GRI 204-1)	<15% overall sourced from local suppliers across the segment. 100% of safari vehicles and other miscellaneous resources used in excursions sourced from local tour guides.	Apart from tools and equipment, other resources required for administrative tasks are sourced locally.	37% of the green leaf and 18% of the latex and other miscellaneous resources required for the operations sourced from local suppliers.	Over 2,000 representatives in the MMBL Money Transfer distribution network are SMEs from local communities, including rural communities across the country. (Proportion of spending not quantified)
Supplier training programmes	Ongoing supplier education on sustainability and quality benchmarks, such as annual training for safari drivers on ecosystem sustainability and wildlife conservation.	Standard on-boarding programmes in place	Suppliers are briefed on benchmarks expected for management systems maintained within the segment such Rainforest Alliance and Sedex	Standard on-boarding programmes in place.

In addition to the funds channelled directly by the company towards community development initiatives, Elpitiya Plantations also received Rs. 16.2 million from donors including the Plantations Human Development Trust, Save the Children, Eksath Lanka Health & Safety Awareness Programme and Sarvodaya.

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Uplifting Communities (GRI 203-1, 2)

- » Ongoing investments in the plantation sector to uplift living standards of estate communities. This includes investments in infrastructure development, health and welfare programmes and supporting the education needs of children. During the year, the segment;
 - Provided 659 school children with school supplies through the 'Get to School' programme at an investment of Rs. 3.5 million.
 - Distributed vegetables specifically cultivated within the estates to ensure food security and nutrition of estate communities at an investment of Rs. 2.5 million.
 - Screened all workers for non-communicable diseases at an investment of Rs. 34 million.
 - Awarded scholarships to 10 Advanced level students and 16 university students with the support of the MJF fund.
 - Distributed nutritional supplements among 23 orphans and 36 differently abled children.
- » The destination management segment contributed school supplies to 17 pre-school and 34 school children from Serupituya Maha Vidyalaya. Additionally, they supported 157 low-income households, including teaching staff from Serupituya Maha Vidyalaya, by providing dry ration packs through the 'Art of Giving' campaign.
- » Printing segment donated paper to Udupila rural hospital for prescriptions and medicine covers and donated certificates to a dhamma school and primary school.
- » Money transfer segment donated 672 school bags to school children in 8 communities.
- » Elevator segment contributed diapers and school supplies to children in the pediatric wards at the Apeksha Hospital ((National Cancer Institute Sri Lanka).
- » The airline GSA segment contributed school footwear and treats for the children at the Sucharithodaya Child Development Centre and Orphanage.
- » The Apparel segment carried out the following initiatives;
 - Internship opportunities provided to students in universities and vocational training centres
 - Financial grants extended to students passing the Grade 5 scholarship examination
 - Health & wellbeing initiatives conducted including the Suwanari clinic and blood donation campaigns
 - Scholarships given to university students of staff members.
- » Group level engagement with women entrepreneurs whilst connecting them to the relevant SBUs such as from Hotels and Plantations segments – WEconnect International Programme where local women entrepreneurs joined the programme alongside the private sector to explore potential business opportunities.



'Art of Giving' campaign initiated by the Group's Destination Management segment - Aitken Spence Travels.



Elevators donated a meal and a gift pack to the pediatric wards at the Apeksha Hospital, Maharagama.



Money transfer segment distributing school bags to deserving school children in eight communities.