

Social and Relationship Capital



Built over a span of 150 years, our social and relationship capital reflects the trust and confidence that our customers, business partners and communities continue to have in us. These relationships have only got stronger as we collectively navigated the pandemic and found innovative ways to create mutual value.

We recognise the following topics identified through our materiality determination process as material to Social & Relationship capital.

Financial



- » Economic Value Creation
- » Stakeholder Sustainability – Indirect economic value creation and infrastructure development

Social



- » Stakeholder sustainability
- » Partnerships for community development

Governance



- » Regulatory compliance
- » Governance & Ethics
- » Endorsing local and global development priorities

Environmental



- » Environmental compliance
- » Sustainable resource consumption

Managing our socioeconomic, and environmental impacts systemically and strategically, while taking into account the needs of our stakeholders, strengthens our social and relationship capital. This in turn contributes to serve our stakeholders better. Our strategic direction is cognisant of the above and our strategic priorities highlighting the key achievements along with the way forward are given below.

Strategic Priorities

- » Drive innovation to enhance product and service offering across segments
- » Strengthen relationships with business partners through continuous communication and engagement
- » Build and enhance sustainable supply chain resilience
- » Strengthen local economies through opportunities enabled for entrepreneurship and employment
- » Support rebuilding of livelihoods post COVID-19

Key Achievements

- » The Spence Way service excellence survey was conducted across all 16 business segments.
- » More than 20 strategic partnerships with global partners
- » New direct and indirect employment opportunities
- » Rs. 127.5 Mn direct funds channelled and Rs. 59.5 Mn funds channelled through our associates towards community development initiatives
- » Rs. 78.6 Mn invested in sustainability related initiatives for social and environmental impact control

Future Focus

- » Increase the proportionate of differentiated product and services to provide a better customer offering
- » Retention and expansion of customer portfolio
- » Sustained growth in capital and dividends over time
- » Provide direct and indirect employment and entrepreneurship opportunities to the local communities
- » Create business opportunities for SME'S in the communities we operate.
- » Develop a 'Green Workforce'
- » Strengthen relationships with business partners through continuous communication and engagement
- » Sustained growth in capital and dividends over time

Social and Relationship Capital

Customer relationships

As a Group with a global footprint spanning 8 different geographies and 16 business segments, we have a diverse profile of customers with differing requirements that need to be serviced. Our customers include individuals, SME's, corporates, institutions, and governments with their unique requirements. We continue to bring value to these relationships by staying true to our commitment of providing best in class products and services.



Product & service quality and reliability

Consistent and superior product quality and reliability is the hallmark of our customer value proposition. We therefore invest in enhancing our product offering and service capabilities across sectors through investments in our people, tangible, and intangible assets to deliver sustainable value to this diverse group of stakeholders.

Focus on innovation	Focus on reliability	Focus on customer convenience	Focus on quality assurance
<ul style="list-style-type: none"> » Pioneer in paving the way in offering new, sustainable products and services for our customers – e. g. new brand launched for locally grown fresh berries, first time a Sri Lankan RPC is growing all four berries in the country (strawberries, raspberries, blackberries, and blueberries) » SpenceLab, our intrapreneurship initiative continues to generate innovative product and service ideas. 	<ul style="list-style-type: none"> » Reliability remains a key expectation of our customers amidst the disruptions caused by the pandemic. Responding agilely to evolving customer requirements and ensuring supply chain reliability enabled us to meet customer expectations across sectors. 	<ul style="list-style-type: none"> » We continue to expand our customer touch points to increase access to our products and services. Ongoing investments in technology have also increased our reach. 	<ul style="list-style-type: none"> » All our manufacturing facilities have in place comprehensive quality assurance systems throughout the sourcing, factory operations and delivery processes. » Aitken Spence companies comply with local and global standards to ensure quality of service, as well as environmental and social impact control in the products and services we offer.

A culture of excellence in delivery is ingrained among all Sponsonians through constant training and awareness creation programmes undertaken. Over 7,000 training programmes were conducted across the Group on topics related to customer service excellence during the year. Meanwhile we continue to leverage technology to improve efficiency levels and enhance service levels. Robotic Process Automation being implemented in operational areas to drive efficiency and accuracy in routine tasks leaving employees free to enhance service excellence.

Product responsibility

The Group maintains over 140 diverse management systems for quality, food safety, product responsibility, occupational health & safety, and environmental impact control, ensuring product responsibility.

Refer the Intellectual Capital report for a full list of certifications.

Each business segment also continues to evaluate the sustainability of products and services as part of our efforts to include our customers in the value chain to be a more responsible organisation.

While ensuring compliance to all health and safety protocols issued by the respective governments in the countries we operate in, we safeguard the health, safety, and privacy of our customers in our interactions and service.

Compliance

GRI Standard	The Performance Indicator	2021/22
GRI 103 - 2	Total number of grievances filed through formal grievance mechanisms during the reporting period	05
GRI 205 - 3	Total number and nature of confirmed incidents of corruption and action taken	None
GRI 206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None
GRI 406 - 1	Total number of incidents of discrimination and corrective action taken	None
GRI 411-1	Incidents of violations involving rights of indigenous peoples	None
GRI 416 - 2	Incidents of non-compliance concerning the health and safety impacts of products and services	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
GRI 417 - 3	Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	None
GRI 418 - 1	Total number of substantiated complaints received concerning breaches of customer privacy	None
GRI 419 - 1	Non-compliance with laws and regulations in the social and economic area	None



Customer highlights during the year

- » MMBL increased the number of customer touch points to increase accessibility during the pandemic
- » Aitken Spence Insurance shifted to digital channels to continue to offer customer an uninterrupted service
- » Aitken Spence Elevators commenced a 24-hour call centre to handle customer queries and complaints real time
- » Aitken Spence Printing strengthened its Customer Relationship Management system to address evolving needs of their clients
- » The Maritime & Freight Logistics segment offered customers an end-to-end solution, encompassing all segments of the sectors and by including multi country consolidation and turn-key project solutions to its offering



Social and Relationship Capital

Ongoing customer engagement

Meaningful customer engagement is a critical component of our customer strategy as it enables us to understand the evolving requirements of our customers. Over the years the business segments carried out customer surveys which assisted the respective businesses to improve on the customer experience. As a part of augmenting the process during the year the Aitken Spence Group conducted a service excellence survey "SPENCE WAY" across all 16 business segments. Feedback on five core areas were obtained from customers based on which a Net Promoter Score (NPS) was calculated for each business.

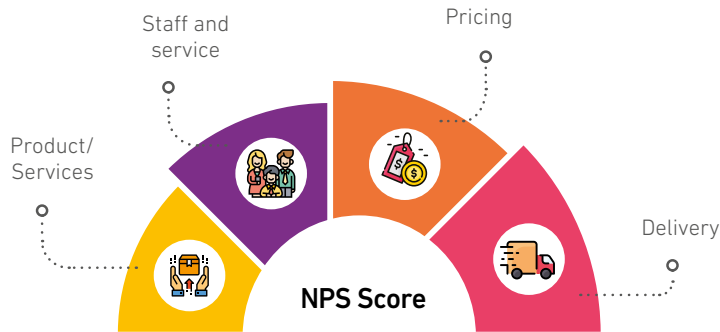
We are in the process of engaging an independent organisation to conduct these surveys in the future. This would support the Group in ascertaining the desires of customers which would enable us to enrich the customer offerings.

Methods of customer engagement

- » Direct communication with designated points of contact
- » Buyer inspections audits
- » Social media, website and print media
- » Feedback from online platforms such as Tripadvisor and Reviewpro
- » SpenceWay- Customer satisfaction surveys

Spence Way Survey

The criteria on which the survey was conducted



Relationships with joint venture partners and principals

Our Group has built many relationships with globally renowned organisations in the conduct of our operations in Sri Lanka, Maldives, Fiji, Bangladesh, and Mozambique. Many of the relationships that started out as agency relationships have matured into equity partnerships, reflecting the value we bring to these partnerships.

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.



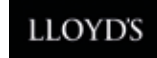
Representing Emirates Holidays Since 2014



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



Equity partner since 1989



Agents since 1876

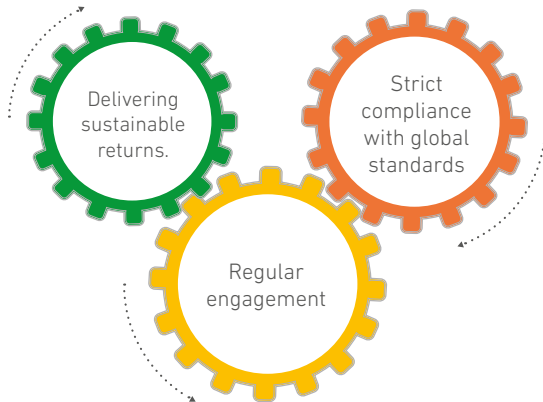


Representing Western Union since 2006



Value created for business partners

To deliver returns commensurate with risks undertaken



DIVIDENDS PAID TO EQUITY PARTNERS OF THE GROUP
Rs. 1.9 Bn

Direct and indirect contribution to SDGs



Mutual value created through business partnerships

Our principals and joint venture partners play a key role in our growth, connecting the Group with global networks and opportunities. In turn, we remain committed to delivering returns commensurate with the risks and strictly compliant with the global standards set by our principals and equity partners.

Ongoing engagement with our principals and joint venture partners have enabled us to understand our partners' and principals' requirements and keep them apprised of our progress and challenges in a timely and transparent manner. This level of transparency and mutual trust remains the basis of our partnerships.

We also engage with more than 130 diverse industry organisations and institutions associated through our memberships, and affiliations.

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



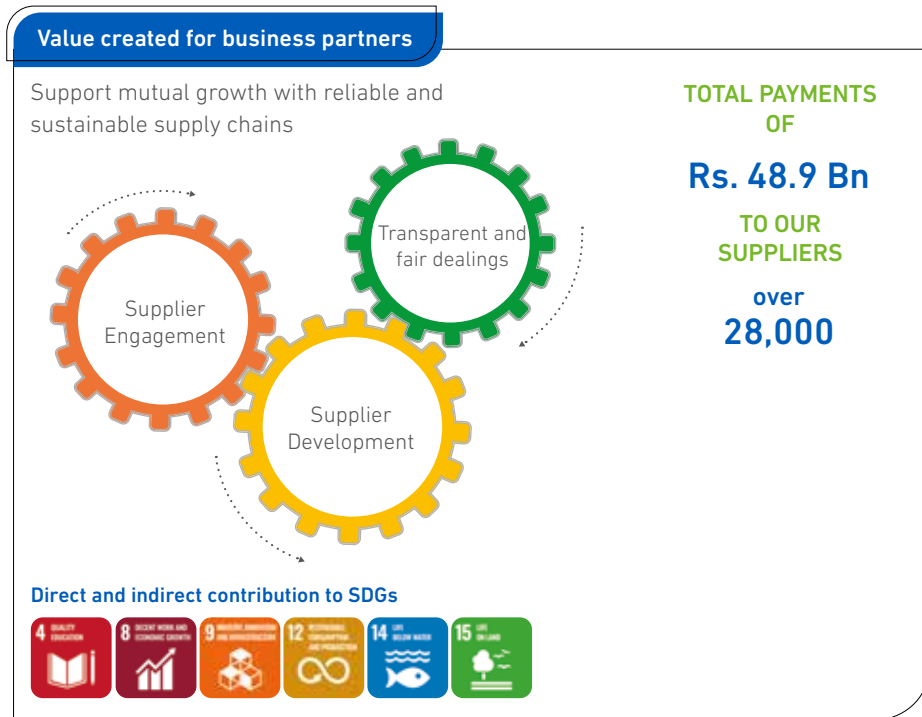
Visit our website aitkenspence.com/sustainability for details of our Memberships and Affiliations

Feedback and inputs received from our principals, partners and industry associates also contribute towards strengthening and developing the Group's operational frameworks for environmental and social governance and procedures for responsible product and service delivery.

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Relationships with supply chain partners

As a diversified Group, we operate with a network of more than 10,000 suppliers and service providers in diverse industries. We recognise the importance of managing social and environmental impacts within the supply chain. The strength and reliability of these supply chains are critical for the smooth operation of our businesses and to ensure product and service excellence. While integrating ESG control measures within our operational procedures, we engage with our suppliers as partners in our efforts towards ESG.



We are committed to building sustainable value chains that generate mutual benefit. We do this by actively engaging with suppliers to build supplier standards and capabilities through training and awareness building. This is also an avenue to enable opportunities for economic growth within local communities. In order to provide these opportunities, we follow local purchasing policies whereby we give priority to local suppliers and service providers wherever possible, directly contributing to the economic growth of local communities surrounding our operations.

Formal procedures are also in place to screen suppliers on social, environmental and compliance requirements ensuring that our suppliers adhere to the same high standards we abide by. Meanwhile standard policies and procedures are in place to ensure a fair and transparent selection process and that supplier commitments are met on a timely and satisfactory basis.

There were no identified negative social or environmental impacts from our supply chain activities during the year.

Value created for business partners

The destination management segment conducts annual training programmes for Safari drivers in all 5 national parks in the country. 38 national park safari drivers were trained during the year under review. The segment also educates tour guides, chauffeur guides and other stakeholders on sustainable tourism practices. ESG conditions are also integrated within supplier contracts.

Aitken Spence PLC partnered with the Asia Pacific Alliance for Disaster Management to upskill suppliers in the Micro, Small & Medium Enterprises (MSMEs) within the tourism sector. A collaboration with the

UNDP Sri Lanka and Connecting Business initiative (CBI), this was a programme titled "Building Disaster Resilience of the MSMEs in the Tourism Sector of Sri Lanka" with the objective of developing institutional mechanisms and partnerships between MSMEs and the private sector to better equip suppliers within MSMEs to benefit from opportunities in the post COVID growth in the tourism sector. Aitken Spence Hotels and Aitken Spence Travels took an active leadership in this programme and also contributed as facilitators in the programmes conducted for MSMEs in Hambantota, Matara and Galle.



Direct and indirect contribution to SDGs



Local entrepreneurship opportunities

Aitken Spence Travels encourages 'immersive local experiences' by directing clients to engage with local families to enjoy the hospitality and authentic local lifestyles. These excursions allow tourists to be part of a local family and live like a Sri Lankan. Home stays are available across the country, depending on the client requirements of locations.

Aitken Spence hotels segment practices a local purchasing and employment policy where priority is given to members of the community within 35 to 40km radius of the hotels in Sri Lanka, and the local community of our overseas operations. The segment works with local suppliers to ensure they are able to meet the required quality standards. Keeping with this ethos of promoting and preserving local culture, and embracing the 'Heritage' brand promise of 'where tradition is alive' the company successfully fostered an immersive lifestyle experience at Heritance Aarah in the Maldives, built on the colours, traditions and locality that is unique to the Maldives. The Village seeks to create awareness and educate guests from around the world, of the incredible past and its varied influence in modern

Maldives lifestyle. The Village experience comprise of a typical Maldivian household, an outdoor school area, 'joali' traditional furniture, key industry representation such as boat building and coral stone carpentry. The Village will also feature the local handicraft industries – such as local jewellery making, coir industry, mat weaving, embroidery and lacquer work. Interactive sessions include experiencing local lifestyle such as making food in an open kitchen and learning to write your name in Dhivehi which are added new and exciting activities for guests. The Village also comprises of a picture gallery showcasing momentous photographs from the past. The Village tour is presented by the hotel's very own who is well versed in Maldivian history, local architecture and local business. The entire experience is designed to rediscover the heritage of Maldives, a country with more sea than land – all its men, rovers of the sea; all women, daughters of the waves. Heritance Aarah is also the first LEED certified building in the Maldives, reiterating the resort and the Company's commitment to sustainable tourism.

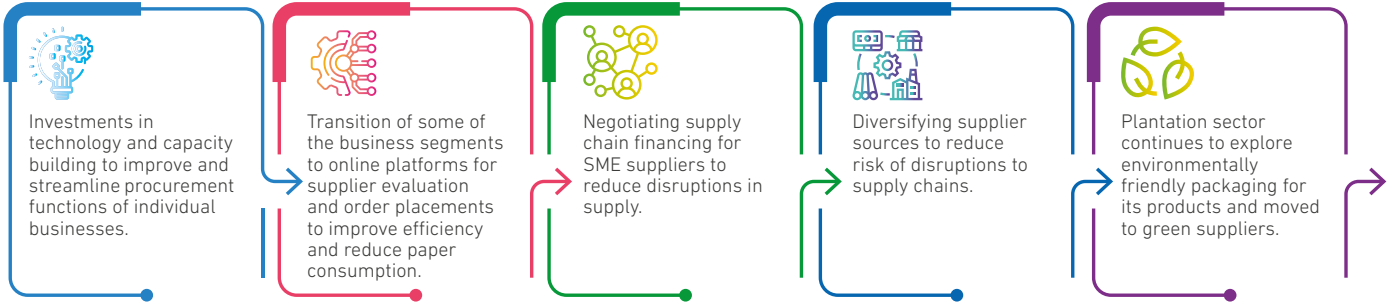


Direct and indirect contribution to SDGs



Social and Relationship Capital

Initiatives carried out during the year to strengthen our supply chains



Relationships with our communities

We recognise the significant impact we can have on our communities due to our strong presence in economically and socially important sectors across geographies. Our community engagement includes over 200 schools and community institutions and over 30,000 individuals that directly connect with Aitken Spence through diverse channels of engagement and development opportunities. The relationships we have nurtured with our communities have resulted in us being accepted as a responsible corporate citizen that prioritises social and environmental sustainability.

There were no instances of non-compliance with laws and regulations in the social, economic, and ethical spheres during the year.

Value created for communities

Engage in industry collaborations to strengthen economic development, enhance social sustainability and ensure environmental protection.

FUNDS CHANNELLED TO COMMUNITY DEVELOPMENT

Rs. 127.5 Mn

Direct and indirect contribution to SDGs

1 NO POVERTY

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

14 LIFE BELOW WATER

15 LIFE ON LAND






Building resilient communities

We are committed to building resilient and self-sufficient communities by actively engaging and contributing to the socio-economic development of our wider communities through systemic efforts. In addition to providing direct employment opportunities within our communities, we have integrated local suppliers and service providers within our supply chain. Meanwhile we ensure that all our focused community development initiatives bring meaningful change through strategic interventions responding to the needs of our communities. The main areas of focus during the year and key initiatives carried out are listed below.

Local purchasing and employment

- » Aitken Spence Hotels maintains local purchasing and employment policies to provide maximum economic development opportunities to local communities.
- » The apparel segment launched the 'Green Workforce' initiative, to provide family members of employees entrepreneurship opportunities in home-based agriculture. Through this programme, family members are provided seeds of selected crops, training on enhancing yield and a market for the Agri products grown through Aitken Spence channels.

Strategic opportunities extended

 <p>Over 30% of the management team and over 50% of the employees at our hotels in Sri Lanka are from the local community</p> 	 <p>Over 90% of the non-managerial employees in Fiji are from the local community</p>	 <p>Over 90% of the non-managerial employees and roughly 10% of the management team in the plantations and apparel segments are from the local community.</p>	 <p>Over 2,000 local SMEs and representatives in the MMBL Money Transfer distribution network</p>
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Community support

- » 'Plates of Goodness' an initiative of Foundation of Goodness to uplift the livelihood of the local communities via tourists participating and consuming locally prepared cuisine was greatly assisted by Aitken Spence Travels through directing their clientele to participate in this initiative
- » Aitken Spence Printing supported its community with donations of packing material for medicines, stationary and financial support for community projects
- » Aitken Spence Elevators Supported an under-privileged primary school in the development infrastructures and donated grade 05 scholarship questionnaire books to the students
- » The hotels segment donated 12,000 surgical masks to the National Disaster Management Authority of Maldives.
- » Western Power Company together with its O&M contractor donated rations to over 200 families affected by the lockdown



Uplifting communities

The plantation sector continues to uplift the living standards of its estate community through ongoing investments in infrastructure development, health and welfare programmes, support for education etc. During the year, the segment also provided equipment to the estate children to enable access to online learning platforms. Total funds directly channelled for these efforts amounted to LKR 111.4Mn while funds channelled through our partners due to the strength of relationships maintained amounted to LKR 59.5Mn



Empowerment through skill development

- » Keeping with our ethos to empower communities to be self-sufficient, our overseas hotel operations in the Maldives conducted apprentice programs for low-income youth in collaboration with the TEVET authority and the Ministry of Higher Education
- » Gap Inc.'s P.A.C.E. programme was rolled out in our apparel manufacturing facilities providing women foundational life skills, technical training and support to advance at work, in their lives, and in their communities.
- » The travel and hotels segments in Sri Lanka partnered with the Asia Pacific Alliance for Disaster Management to educate tourism sector micro, small and medium enterprise stakeholders on how to build business resilience and be better prepared to benefit from opportunities in post COVID tourism growth in the country.

