EMPOWERING INNOVATION

Across every industry and territory in which we operate, we foster a culture of creativity, adaptability, and farsighted thinking, in order to develop the right strategies to face the future.

Our approach has been tested over time and has proven to be effective in driving development that is not just sustainable, but also responsible and inclusive.

This section provides a comprehensive overview of our established strategy that is centred around these values and principles to drive sustainable development and long-term value creation.

Purpose Driven Strategy

STAKEHOLDER ENGAGEMENT (GRI 2-25, 2-29)

Stakeholder engagement is of vital importance to the Aitken Spence Group to identify and manage the wide-ranging interests across our business operations and thereby ensure that the Group's broader objectives are aligned with the varied needs of our stakeholders. At Aitken Spence, we believe our stakeholders provide us with valuable insights and feedback that help us to identify our operational priorities, industry trends, potential threats as well as opportunities. We have developed our strategies by identifying and understanding the unique relationships and concerns of our varied stakeholders. To ensure the success of this endeavour, the Group consistently maintains and monitors easily accessible channels through which all stakeholders could engage with our business segments, offering avenues to express their concerns.

Understanding the feedback, concerns and needs of our stakeholders is crucial, as it provides direction for implementing sustainable and responsible business strategies. This brief overview outlines how we engage with our key stakeholders to achieve this objective.

OUR STAKEHOLDER ENGAGEMENT & FEEDBACK ASSESSMENT PROCESS

The objective

Obtain feedback, insights, knowledge and ideas from stakeholders to improve operations and strategies and to strengthen stakeholder relationships

1 Understand stakeholder relationships

2 Prioritise key stakeholders/ stakeholder groups

3 Customise engagement plans for each stakeholder group

4 Monitor engagements and gather feedback, insights and knowledge

5 Study feedback for SWOTs, trends, and areas for improvement

6 Review findings with management and integrate action

7 Share company policies, strategies and performance with stakeholders

Our key benchmarks for stakeholder engagement.

- Identify and address **legitimate concerns:** Responding appropriately to the valid concerns of stakeholders
- **Transparency** in engagements: Maintaining openness throughout our stakeholder interactions
- **Constructive** Engagement: Actively listening to concerns and suggestions with a receptive attitude

OUR KEY STAKEHOLDER GROUPS

Our key stakeholders	Key points of contact	Frequency of engagement
Employees	Managing Directors and the Senior Management team, HR Partners, Chief Human Resource Officer, Group HR team, and HR coordinators across the business segments	- Daily or on requirement - Specific or routine engagement events
Customers	Sales and customer relationship teams, operation teams and communications teams	- Daily - As required or routine reviews as planned by the segments
Shareholders	Board of Directors, Company Secretary and Senior Management	- AGMs/ Extraordinary General Meetings - As required
Banks and other financial institutions	Managing Directors, Chief Financial Officer and heads of Finance	- Routine reviews - As required
Community, environmental and social lobbyists	Community Relations Managers, EMRs, HODs, relevant team leaders.	- On requirement - Community events - As planned by the segments to gather and review feedback
Governments & Regulators	Board of Directors, Company Secretary and the Senior Management and relevant team members.	- As required - Routine reviews as planned by the segments
Suppliers and business partners	Managing Directors and the Senior Management team, procurement teams of the respective segments.	- Daily and as required. - Routine reviews as planned by the segments

HOW WE ENGAGE WITH ALL STAKEHOLDERS

- Discussions, meetings and workshops
- Written communication (Emails, feedback forms, letters, digital platforms etc.)
- Trainings, conferences, seminars and other public events
- Specific engagement activities and events
- Digital platforms (social media, corporate website, CSE platform)
- Surveys conducted for specific business segments
- Publications (Annual /quarterly reports, articles, special features etc.)
- Inspections and audit reviews

OUR APPROACH TO STAKEHOLDER PRIORITISATION

Stakeholders offer crucial insights and underscore requirements that aid us in discerning market trends and identifying potential risks and opportunities. While we consider all feedback as important, we strategically give precedence to contributions from certain stakeholders based on the significance of our actions and their impact on the stakeholder or the stakeholder's influence on our operations.

We give significant importance to the feedback from key investors due to the direct correlation between our decisions and their investments. We meticulously evaluate customer feedback and employee concerns to comprehend requirements and establish systematic controls. Regulatory compliance requirements and non-conformities in our management systems identified by external auditors are prioritised for impact control. Proposals for value creation are assessed against the opportunity cost of resource allocation. Community concerns are individually evaluated based on potential impact scale. We liaise directly with community leaders for insights and engage with the wider community through meetings or events.

Key stakeholders are usually consulted directly. Where the impacts are indirect or smaller in scale, we may use broader methods like aggregating customer feedback or employee surveys. Stakeholder feedback is vital for identifying our material topics, as explained in the **'Determining Materiality'** section. Based on this, we integrate appropriate action into our business models and activities.

Stakeholder Group	Our Commitment	Key Concerns	Value Delivered in 2023-2024	Further Reading
Employees	Ensure a safe and inspiring work environment that supports growth, fair remuneration and talent development.	▪ Remuneration and job security ▪ A safe and inclusive workplace ▪ Well-being and work-life balance ▪ Skills development and career progression	▪ Rs. 15.3 Bn incurred as employee benefits ▪ Over 80 management systems maintained for OHS ▪ Job security ▪ Zero fatalities ▪ Work from home & health benefits ▪ Rs. 18.6 Mn invested in training & development	▪ Human Capital Report ▪ Corporate Governance Report ▪ Risk Report
Business partners- Suppliers & Service Providers	Support mutual growth with reliable and sustainable supply chains.	▪ Financial stability ▪ Transparent performance updates ▪ Long term business relationships ▪ Strong networks, referrals for opportunities	▪ Strong financial position ▪ Publishing quarterly financial statements ▪ Timely payment of all dues to ensure financial health of our suppliers ▪ 13,054 Suppliers ▪ 28 Joint venture and equity partners	▪ Financial Capital Report ▪ Social and Relationship Capital Report ▪ Corporate Governance Report ▪ Annual Report of Directors

Stakeholder Group	Our Commitment	Key Concerns	Value Delivered in 2023-2024	Further Reading
Customers	Work towards innovating our processes to provide best-in-class products and services to customers.	▪ Quality and best value for price paid. ▪ Fast delivery and reliable service ▪ Sustainable products and services ▪ Unique and personalised experiences	▪ 234,976 pax handled by destination management segment ▪ 1,064,058 guest nights ▪ 470,074 sq. ft. of total warehouse space ▪ 170,000+ MWh power generated ▪ 3.6 Mn apparels produced ▪ 4.2 Mn kgs tea produced ▪ 23.6 Mn kgs palm oil production ▪ 900,000+ of Inward remittance transactions ▪ Total 78 management systems certified for product/ service responsibility	▪ Social and Relationship Capital Report ▪ Intellectual Capital Report
Shareholders	An effective and transparent governance framework aimed at fostering long-term value creation.	▪ Profitable financial returns on their investment ▪ Transparent financial reporting ▪ Effective ESG and risk management process ▪ Long-term value creation	▪ Dividends distributed of Rs. 1.7 Bn ▪ Timely reporting of financial statements ▪ Award winning strategy in place to ensure business sustainability ▪ Net assets per share Rs. 181.86 Bn ▪ Shareholder wealth Rs. 73.9 Bn	▪ Executive Reviews ▪ Financial Statements ▪ Financial Capital Report ▪ Investor Information ▪ Corporate Governance Report ▪ Risk Report
Investors, banks, and financial institutions	Deliver returns commensurate with the investment and transparently update stakeholders on progress and challenges.	▪ Resilience, sustainability of earnings/ returns and timely payments ▪ Specific KPIs such as share price, dividends, interest rates and taxes paid. ▪ ESG and risk management	▪ Rs. 10.7 Mn paid as interest ▪ 1.73 Interest Cover ▪ 0.45 Debt to equity ratio ▪ Award winning strategy in place to ensure business sustainability	▪ Executive Reviews ▪ Financial Statements ▪ Financial Capital Report ▪ Investor Information ▪ Corporate Governance Report ▪ Risk Report
Community, environmental and social lobbyists	Collaborate with the industry to ensure economic development, social sustainability and environmental protection.	▪ Compliance and ESG, ▪ Community Engagement ▪ Support for community development ▪ Responsible and sustainable business practices	▪ Rs. 202.5 Mn funds channelled for communities ▪ Rs. 90 Mn invested towards sustainability related processes and controls ▪ Award winning sustainability strategy maintained, guided by a sustainability policy availed in English, Sinhala and Tamil to enable community awareness and participation	▪ Social and Relationship Capital Report ▪ Executive Reviews ▪ Natural Capital Report ▪ Corporate Governance Report
Governments & Regulators	Maintain governance structures for compliance with legal/ regulatory requirements.	▪ Compliance with legal and regulatory frameworks ▪ Corporate citizenship and social responsibility ▪ Long-term value creation ▪ Collaboration with industry bodies	▪ Indirect and direct taxes paid of Rs. 12.2 Bn ▪ Rs 131.0 Bn facilitation of foreign exchange generation to Sri Lanka ▪ Direct Employment created ▪ Zero tolerance for unethical behaviour ▪ 134 GWh clean energy provided to the national grid supporting Sri Lanka's NDC targets	▪ Executive Reviews ▪ Financial Statements ▪ Corporate Governance Report ▪ Risk Report ▪ Natural Capital

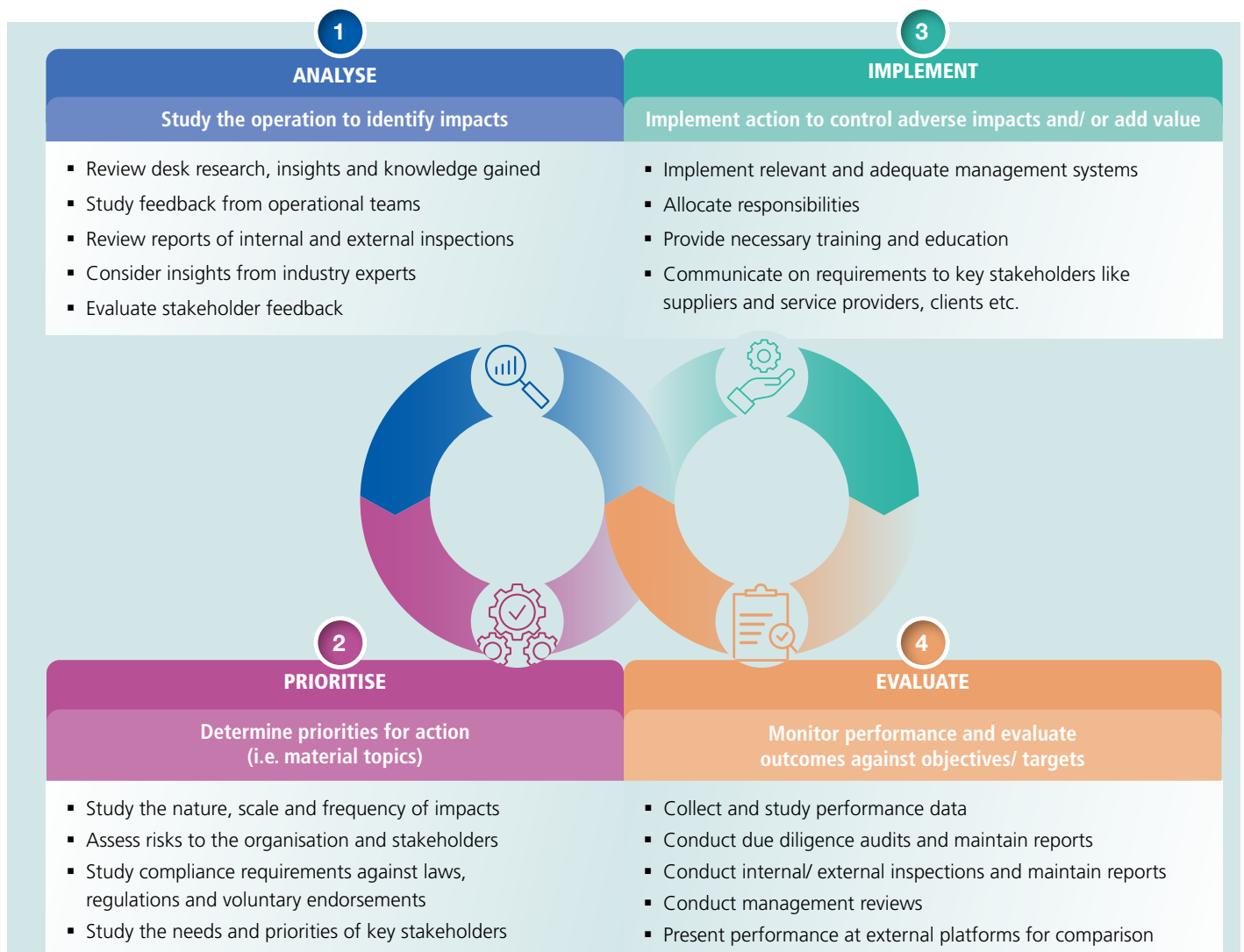# DETERMINING MATERIALITY   (GRI 3-1)

DEMYSTIFYING 'MATERIAL TOPICS' FOR OUR STAKEHOLDERS

At Aitken Spence, material topics describe those issues we consider most important to our stakeholders from economic, environmental, social and governance perspectives. By integrating guidance from both the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) into our reporting practices, we aim to present a comprehensive overview of how the Group manages the outcomes of our operations and proactively equip ourselves to address related challenges. It is essential to accurately identify key material topics, enabling us to prioritise initiatives and allocate resources efficiently. This approach guarantees that we tackle the most significant sustainability challenges affecting our operations and stakeholders

OUR PROCESS TO IDENTIFY MATERIAL TOPICS

We realise that identifying materiality is not a stand-alone task. Aitken Spence identifies material topics through a comprehensive assessment that is integrated throughout the operational process lifecycle as shown below. This process involves desk research, feedback from internal teams, insights from inspections and reviews and ongoing stakeholder input gathered throughout this process lifecycle.

1 ANALYSE
Study the operation to identify impacts

- Review desk research, insights and knowledge gained
- Study feedback from operational teams
- Review reports of internal and external inspections
- Consider insights from industry experts
- Evaluate stakeholder feedback

3 IMPLEMENT
Implement action to control adverse impacts and/ or add value

- Implement relevant and adequate management systems
- Allocate responsibilities
- Provide necessary training and education
- Communicate on requirements to key stakeholders like suppliers and service providers, clients etc.

2 PRIORITISE
Determine priorities for action (i.e. material topics)

- Study the nature, scale and frequency of impacts
- Assess risks to the organisation and stakeholders
- Study compliance requirements against laws, regulations and voluntary endorsements
- Study the needs and priorities of key stakeholders

4 EVALUATE
Monitor performance and evaluate outcomes against objectives/ targets

- Collect and study performance data
- Conduct due diligence audits and maintain reports
- Conduct internal/ external inspections and maintain reports
- Conduct management reviews
- Present performance at external platforms for comparison

In this assessment, the most significant feedback and insights come from our operational teams through internal and external reviews. To gather information on local and global development needs towards determining material topics, we are also guided by the voluntary endorsements of the Company and business segments. For example, the Ten Principles of the UN Global Compact, Women's Empowerment Principles and the UN Guiding Principles on Business & Human Rights. To report our performance on the identified material topics, we adopt the GRI Universal Standards. In 2023/24 we also adopted 8 SASB standards to our process. Alignment with these standards also gives direction on the topics, indicators and metrics to be integrated within our strategies and action plans.

An example of a benchmark that guides us in identifying material topics	**An example of an action taken as a result of materiality assessments**
Insights and knowledge acquired from external platforms such as UNGC Working Groups and accelerator programmes for gender, climate action, business and human rights, supply chain etc. also inform our processes to identify material topics.	Having already understood our environmental priorities, we signed commitment to the Science Based Targets initiative (SBTi) as a result of the priorities highlighted in the Climate Action Working Group and the Climate Emergency Task Force of the UNGC.

The diverse system standards with which our business segments align, such as ISO systems, Rainforest Alliance, Travelife, Sedex (SMETA) and WRAP, provide direction on industry-specific priorities for action. This guidance helps us determine what should be considered a material topic.
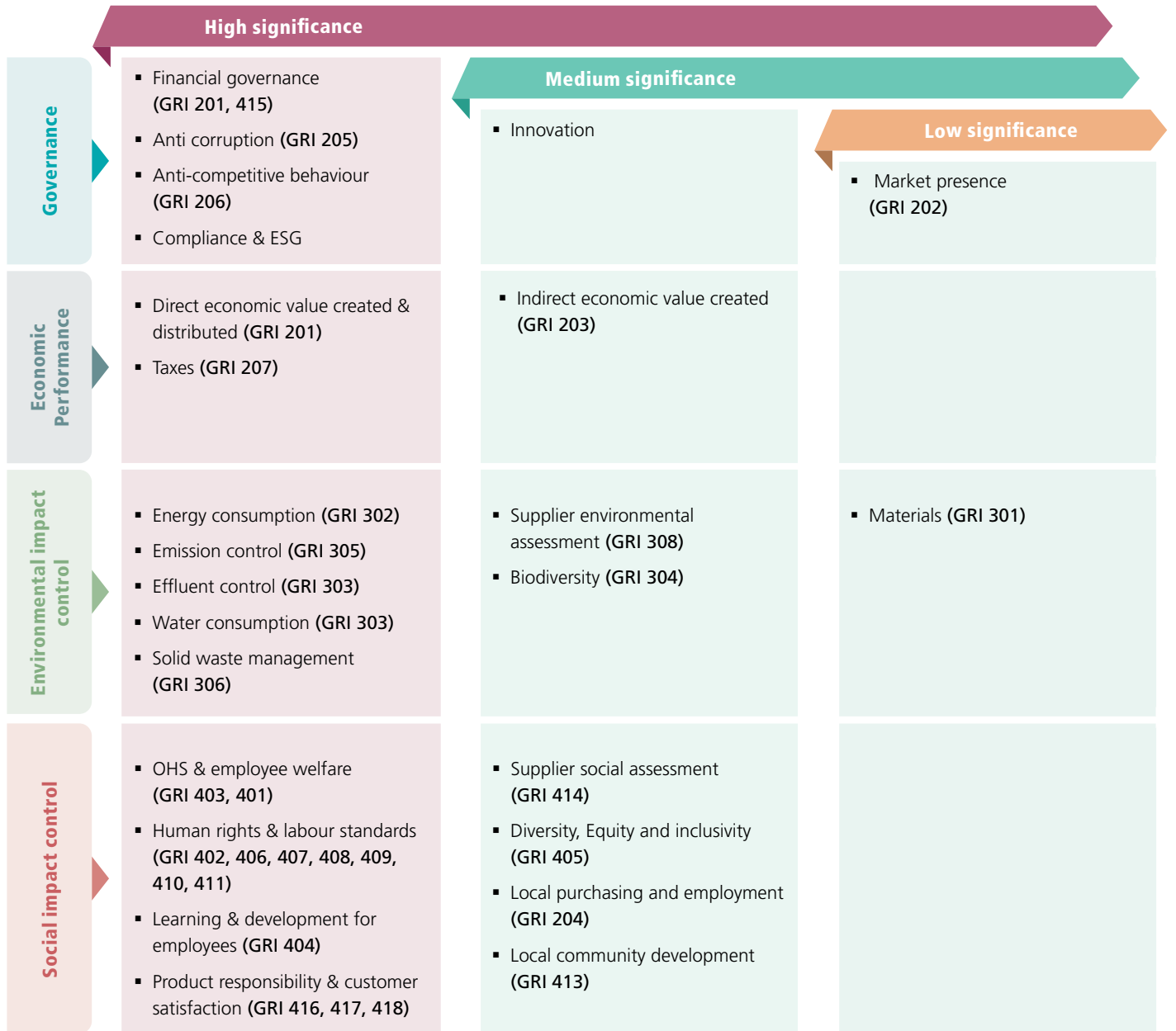
With all information at hand, we assess all our activities to identify factors that contribute significantly to our impacts or have the potential to influence key stakeholders' decisions. A topic is considered material for Aitken Spence if;

The scale or frequency of impact or the combination of both can be considered to have the potential to cause significant adverse **impacts**

Action is required for **compliance** with laws, regulations or voluntary endorsements

Potential **risks** to the organisation and key stakeholders are high

Action is required in response to key **stakeholder needs**

Some examples of identified potential and actual concerns are given below:

Examples of actual and potential impacts	Examples of risks	Examples of compliance requirements	Examples of stakeholder needs highlighted
▪ Pollution and climate change which is from energy related emissions (our highest emission component) ▪ Potential damage to sensitive ecosystems from waste and effluents ▪ Potential impacts on human rights like discrimination ▪ Financial impacts on the bottom line from unstable energy costs in Sri Lanka	▪ Risks to people, property, data, equipment, inventory and business activities from climate change related risks and manmade hazards ▪ Business continuity risks from potential policy changes ▪ Risks to IT systems and cyber security	▪ Ensuring indicators identified and specified in the environmental protection license are maintained ▪ Reporting on the Group's performance on the Ten Principles of the UNGC ▪ Alignment with the new IFRS S1 and S2 standards	▪ Occupational health and safety ▪ Career progression ▪ Dignity of labour ▪ Alignment with global benchmarks and standards like SBTi, Travelife, FSC, Sedex etc. ▪ Ensuring information security and protection of data privacy

(GRI 3-2)

During the year under review, we also translated our formal, internal feedback forms to Sinhala and Tamil to increase the quality and inclusiveness of the feedback received on our priorities. Proposed revisions, based on re-assessments conducted in 2023/2024, were presented to the Board in March 2024.

	High significance	**Medium significance**	**Low significance**
Governance	▪ Financial governance (GRI 201, 415) ▪ Anti corruption (GRI 205) ▪ Anti-competitive behaviour (GRI 206) ▪ Compliance & ESG	▪ Innovation	▪ Market presence (GRI 202)
Economic Performance	▪ Direct economic value created & distributed (GRI 201) ▪ Taxes (GRI 207)	▪ Indirect economic value created (GRI 203)	
Environmental impact control	▪ Energy consumption (GRI 302) ▪ Emission control (GRI 305) ▪ Effluent control (GRI 303) ▪ Water consumption (GRI 303) ▪ Solid waste management (GRI 306)	▪ Supplier environmental assessment (GRI 308) ▪ Biodiversity (GRI 304)	▪ Materials (GRI 301)
Social impact control	▪ OHS & employee welfare (GRI 403, 401) ▪ Human rights & labour standards (GRI 402, 406, 407, 408, 409, 410, 411) ▪ Learning & development for employees (GRI 404) ▪ Product responsibility & customer satisfaction (GRI 416, 417, 418)	▪ Supplier social assessment (GRI 414) ▪ Diversity, Equity and inclusivity (GRI 405) ▪ Local purchasing and employment (GRI 204) ▪ Local community development (GRI 413)	

Please refer to our Risk Report and other sections of this report where the reasons for this prioritisation will be discussed further.

(GRI 3-3)

TRANSFORMING PRIORITIES AND MATERIAL TOPICS TO ACTION

The Group's **Integrated Sustainability Policy** has captured these priorities or material topics as policy commitments. Supported by our implementation framework, this policy serves as a guideline to direct our teams and ensure that all business segments implement adequate action for controlling impact and creating sustainable value. The framework will be further elaborated in the next section, **'A Purpose-Driven Strategy'.**

A summary of the commitments outlined in our Integrated Sustainability Policy

A Maintain best practices in legal and regulatory compliance

B Endorse local and global development priorities

C Ethical business conduct

D Commit to prevent adverse environmental impacts

E Climate change risk and disaster risk reduction (DRR)

F Stakeholder engagement

G Encourage supply chain sustainability

H Incorporate ESG in strategic decision-making processes

J Process control for risk management

K Promote innovation in internal processes, products & services

L Enhance quality of products and services and value delivered to customers

M Support local communities through partnerships, local employment, local purchasing and other strategic interventions.

N Ensure safe workplaces for employees (OHS)

O Policies & strategies to harness a strong and motivated workforce

P Uphold the UN Guiding Principles on Business & Human Rights and protect internationally proclaimed human rights

Q Public disclosure of performance

R Ensure information security of the organisation

S Policies & strategies for responsible communication

T Ensure 'Net Positive Impact' on biodiversity, wildlife and sensitive ecosystems

U Uphold annual performance review and future planning

Our material topics and performance against identified objectives and targets are discussed in more detail in other sections of this report. Please refer to the GRI Index for the full list of material topics or the following sections of this report for more Information:

| The Spence IMPACT: Our sustainability vision in a nutshell | Pg **70** |

| GRI Index | Pg **441** |

If you have feedback regarding topics, you believe should be considered material to Aitken Spence or our business segments, please use our **Shareholder Feedback Form** at the end of this report. You could also visit **www.aitkenspence.com/feedback** or scan the QR code below to access the online form.

In line with our commitment to align with global benchmarks, we have also identified seven Sustainable Development Goals (SDGs) and their corresponding targets that closely align with the Group's priorities. Each of our business segments also aligns with specific SDGs and targets, which provide direction to address local and global development needs, along with targets and indicators to monitor progress.

PURPOSE DRIVEN STRATEGY
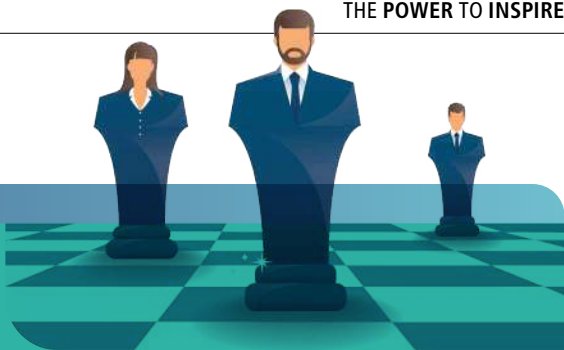
As a diversified conglomerate, our strategy is long term in nature and remains unchanged from the previous year. It is necessarily articulated in broad terms to remain relevant across 16 business segments and is our blueprint for the next phase of our growth.

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 & Transparent
- Warm & Friendly
- Genuine
- Inspire Confidence

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

Venture into new business segments

Achieve net zero emissions across the Group and a reduction in the resource footprint by 2030

Achieve Employer of Choice status

OUR OBJECTIVES

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

Capitals Affected

Strategic Alignment to SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Key Risks

- Strategic risk
- Operational risk
- Geopolitical risk
- Environmental & Climate Change risk
- Financial risk

Please refer to the Risk report for further analysis

Strategies

- Product/ service differentiation through innovation with an aim of providing unique value propositions to customers
- Strengthening of supply chain through backward integration
- Business expansion by enhancement of customer reach
- Targeted marketing and sales strategies
- Price competitiveness
- Performance review and exit strategies for low performing businesses
- Improvement of operational efficiencies

KPIs	Progress 2023/2024
Five-year CAGR of PBT	13%
Decline in EBIT	(30%)
% Annual increases in;	
Hotel occupancy	35%
Pax handled	112%
TEUs handled	11%
Apparels manufactured	(16%)
Power generated	7%
Inward money remittances	63%

Objective: Employer of Choice status

Capitals Affected

Strategic Alignment to SDGs

4 QUALITY EDUCATION

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Key Risks

- Strategic risk
- Operational risk

Please refer to the Risk report for further analysis

Strategies

- Enhance bench strength of leadership pipeline for critical positions
- Establish an objective based talent management ecosystem
- Attract best-in-class talent using a powerful Employee Value Proposition (EVP)
- Enable Performance Management (PM) practices to support organisational transformation
- Nurture a value-centric organisational culture
- Focused talent retention for critical mass
- Enhance employee experience throughout the employee lifecycle
- Commitment to Diversity, Equity & Inclusion (DE&I)
- Develop competencies to drive innovation and digitalisation

KPIs	Progress 2023/2024
Availability of internal successors for 70% of critical roles	56%
Business segments using best-in-class talent acquisition tools and platforms to recruit competent talent in support of current and emerging business needs	▪ Relaunch of the Group Management Trainee Programme. ▪ Ongoing use of LinkedIn Recruiter and Harrisons Psychometric tool.
Develop a robust and equitable performance management system	Ongoing
Staff retention rates of critical mass (Asst. Manager & above)	87%
Employee engagement/ satisfaction survey score on key lifecycle touch points	74%
Increase female representation in the Group to 45%	39%
Number of curated HR initiatives to develop a culture of innovation	▪ SpenceInnova ▪ Spence Robo-Leap ▪ 7S & LEAN Productivity Competition
Performance & potential based talent mapped to 9 box grid to identify top talent of the Group	82% completed

Objective ▶ **Expand Aitken Spence reach into new geographies and venture into new business segments**

Capitals Affected

Strategic Alignment to SDGs

Key Risks

- Financial risk
- Strategic risk
- Operational risk
- Geopolitical risk
- Environmental & Climate Change risk

📖 Please refer to the Risk report for further analysis

Strategies

- Market research and entry strategies
- Continuous improvement and value addition to enhance and enrich customer experience
- Explore mutually benefiting strategic alliances/ partnerships.
- Product/ service differentiation
- Leveraging technology
- Invest in cutting-edge skills and infrastructure that drive innovation.
- Realign - Reinvent – Relaunch of products and services

KPIs	Progress 2023/2024
Geographical expansion - countries	2
Companies acquired and incorporated during the year	6
New processes implemented.	21
New products/services introduced	32
Technological enhancements introduced over the last three years	RPA, OCR, interactive dashboards in reporting.

Objective ▶ **Achieve net zero emissions across the Group by 2030**

Capitals Affected

Strategic Alignment to SDGs

Key Risks

- Operational risk
- Financial risks
- Environmental & Climate Change related risks
- Geopolitical risk

📖 Please refer to the Risk report for further analysis

Strategies

- Systemic efforts and progressive improvements for environmental impact control and sustainable value addition
- Investments in energy efficient technology, retrofitting for greener buildings and renewable energy
- Alignment to global benchmarks in ESG
- Progressively improve environmental awareness among Spensonians and enable a 'Green Workforce'
- Ensuring a sustainable supply chain
- Strategic interventions to influence sustainable consumer behaviour

KPIs	Progress 2023/2024
Energy consumed from renewable sources as a percentage of total energy demand of the Group	27%
Total emissions reduced/ offset	239,205 tCO2e
Renewable energy generated	775,947 GJ
Emission sinks or green cover developed & maintained	8,109 ha
Wastewater treated for safe disposal or re-use	709,553 m3
Waste oil, ETP/ STP sludge treated and responsibly disposed	31,595 Litres
Solid waste kept away from landfills	40,264 MT	10,862 units
Number of natural ecosystems adversely impacted by our operations	None

HOW WE CREATE VALUE

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.

Quality, Affordability & Availability of Capitals

Financial Capital

The Group manages its financial capital through a blend of equity and debt to support its diverse operations and strategic initiatives. It emphasises strong corporate governance and sustainability, aiming to balance profitable growth with environmental and social governance responsibilities.

Human Capital

13,281 Spensonians located across 12 countries drive our growth. Talent migration and diminishing talent pools continue to be a challenge with high replacement costs.

Intellectual Capital

Our operations are future-ready, strategically positioned to compete effectively across multiple segments and countries, underpinned by our heritage, knowledge, culture, technology, systems, processes, and brand.

Value Creating Processes & Outputs

Tourism

- Hotels
- Destination Management
- Airline GSA

Activities of this sector that span the entire tourism value chain.

Output
- Guest nights
- Tour pax
- Airline representation

Strategic Investments

- Apparel Manufacture
- Printing & Packaging
- Power Generation
- Plantations

Investments in diverse capital-intensive sectors that facilitate foreign exchange generation to the country

Output
- Apparel Manufacture
- Printing Impressions
- Tea, Rubber, Palm Oil & Minor Crops
- Energy Generation

RISK MANAGEMENT
FINANCIAL MANAGEMENT
INVESTMENT & STRATEGY
LEGAL & CORPORATE SERVICES

Outcomes

Economic

Rs. **41.1** Bn	Rs. **131.0** Bn
Value Created	Facilitation of Foreign Exchange Inflows
Rs. **6.3** Bn	Rs. **4.5** Bn Rs. **12.2** Bn
Direct Exports	Indirect Exports Taxes Paid

Financial

Rs. **97.5** Bn	Rs. **4.5** Bn	**3.95**%
Revenue	Profit after Tax	Return on Equity
Rs. **201.3** Bn	Rs. **47.7** Bn	Rs. **85.7** Bn
Total Assets	Debt	Equity

Social

Rs. **15.3** Bn
Value Created to Employees

Rs. **18.6** Mn
Invested in Training

OUR **STRATEGIC OBJECTIVES**

Sustainable Profit Growth ▸ **Grow our Footprint** ▸ **Diversify into New Sectors** ▸ **Employer of Choice** ▸ **Achieve Net Zero Emissions**

Manufactured Capital

Our expertise in complex, capital-intensive projects aligns with our strategy, enhancing growth. We' have strategically expanded our diverse portfolio, boosting revenue, service quality, and reducing environmental impact

Social & Relationship Capital

Customers, Principals, Joint Venture and Supply Chain Partners share our growth journey, enabling us to expand our horizons with confidence and strong networks.
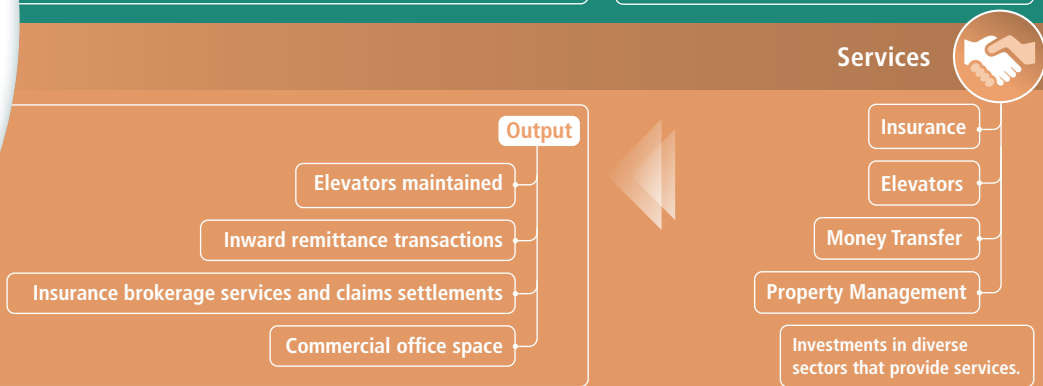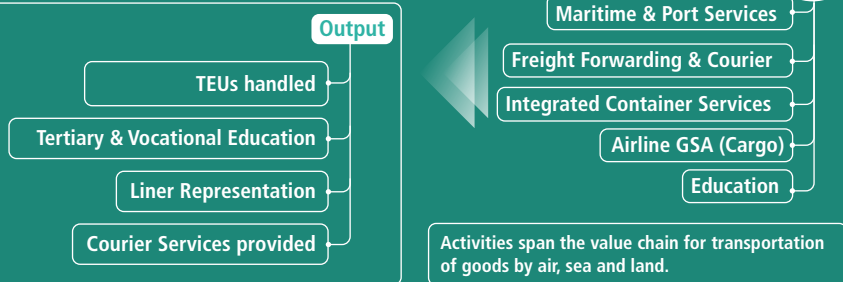
Natural Capital

A culture of environmental consciousness has seen the preservation of resources in our custody as well as development of processes to minimise our consumption.

SUSTAINABILITY
TALENT MANAGEMENT
SUPPLY CHAIN MANAGEMENT
IT GOVERNANCE

Maritime & Freight Logistics Sector

Output
- TEUs handled
- Tertiary & Vocational Education
- Liner Representation
- Courier Services provided

- Maritime & Port Services
- Freight Forwarding & Courier
- Integrated Container Services
- Airline GSA (Cargo)
- Education

Activities span the value chain for transportation of goods by air, sea and land.

Services

Output
- Elevators maintained
- Inward remittance transactions
- Insurance brokerage services and claims settlements
- Commercial office space

- Insurance
- Elevators
- Money Transfer
- Property Management

Investments in diverse sectors that provide services.

Rs. 202.5 Mn
Funds channelled for community development

Rs. 67.2 Bn
Payments to local suppliers

Environment

775,947 GJ
Renewable Power Generated

709,553 m3
Water utilised

Rs. 90 Mn
Investments in sustainability processes

220,616 MT
Garbage Converted to Power

Governance

Certified management systems for responsible business conduct;

42
Environment Standards

38
Occupational Health and Safety Standards

45
Quality Standards

53
Social Sustainability Standards

THE SPENCE IMPACT:
OUR SUSTAINABILITY VISION IN A NUTSHELL

Our overall vision for sustainability can be outlined as the **Spence IMPACT**: a synopsis of our overall priorities, their alignment with the Sustainable Development Goals (SDGs) and their integration into the Group's policy commitments, which guide our companies' actions.

Our priorities in summary	Key objectives and targets		
I nclusive development across all operations	**Priority:** Enhance diversity, equity, inclusion across the organisation and protect internationally proclaimed human rights across all operations.	**Key objectives:** ▪ Be an employer of choice for past, present and future Spensonians ▪ Maintain adherence with the UN Guiding Principles on Business and Human Rights ▪ Increase the percentage of women in leadership positions to 30% by 2030. ▪ Achieve 50% female participation in the workforce by 2030	
M itigation of adverse environmental, social, and economic impacts:	**Priority:** Align with global standards for environmental impact control and climate change mitigation.	**Key objectives:** ▪ Achieve a 'Net Zero' status of emissions across the Group by 2030 ▪ Maintain 'Net Positive Impact' on biodiversity and sensitive ecosystems ▪ Increase resource efficiency YoY ▪ Treat and safely repurpose or dispose 100% of effluents and wastewater ▪ Use the 7Rs to repurpose or recycle 100% of the solid waste generated	
P artnerships for progress	**Priority:** Foster collaborations and partnerships with likeminded investors who can advance the Group's ambitions for sustainable business growth.		
A ccountability for our decisions	**Priority:** Maintain highest standards of governance, transparency, and ethical conduct across all investments and business relations with zero tolerance for corruption, bribery and any forms of harassment or discrimination.		
C ommunity development through systemic interventions	**Priority:** Identify community needs and provide sustainable support through targeted interventions including (not limited to) local employment, purchasing, and infrastructure development.		
T ransformation of our business models to be future ready	**Priority:** Drive innovation through new business opportunities and adapt existing business models for long-term sustainability and resilience against risks related to business sustainability and climate change.	**Key objectives:** ▪ Sustainable profit growth, geographical expansion, and diversification into new business segments ▪ Develop pool funds for emergency response and business resilience ▪ Invest in research and development of transformation and risk mitigation strategies as well as sustainable business opportunities.	

Alignment with global benchmarks	Alignment with our sustainability policy	Current position
5 GENDER EQUALITY Targets 5.1, 5.5, and 5B **8 DECENT WORK AND ECONOMIC GROWTH** Target 8.5, and 8.8 ▪ UNGC Principles 1 – 6 ▪ Women's Empowerment Principles	Policy commitments B, F, M, N, O, P, Q, S, and U.	▪ 39% of the workforce and 18% of the managerial workforce is female. The Group's DE&I committee is spearheading policies and action plans towards this target. ▪ Refer to the **Human Capital** report, **Sector Reviews** and **Segment Reviews** for more details.
4 QUALITY EDUCATION Target 4.7 **6 CLEAN WATER AND SANITATION** Targets 6.3, and 6.4 **8 DECENT WORK AND ECONOMIC GROWTH** Target 8.4 **9 INDUSTRY INNOVATION AND INFRASTRUCTURE** Targets 9.1 and 9.4 **12 RESPONSIBLE CONSUMPTION AND PRODUCTION** Targets 12.2, 12.5, 12.6, 12.8, and 12.b **15 LIFE ON LAND** Targets 15.2 and 15.5 ▪ UNGC Principles 7, 8, and 9	Policy commitments B, D, E, G, H, J, Q, T, and U.	▪ 104 Management systems maintained for environmental impact control by more than 600 Spensonians across the Group. ▪ 27% of the Group's energy consumption is from renewable sources. ▪ Zero water bodies or sensitive ecosystems adversely impacted by our operations. ▪ Refer to the Natural Capital and Manufactured Capital reports for more details.
8 DECENT WORK AND ECONOMIC GROWTH Targets 8.4, 8.9, and 8.10 **9 INDUSTRY INNOVATION AND INFRASTRUCTURE** Targets 9.1 and 9.4 ▪ SDG 17 (not among the main 7 SDGs aligned with the Group)	Policy commitments B, G, M, Q, S, and U	▪ More than 50% of our business partnerships exceed a decade of engagement. ▪ Aitken Spence marks 22 years of partnership with the UN Global Compact in 2024. ▪ Refer to the Intellectual Capital and Social & Relationship Capital reports for more details.
▪ UNGC Principle 10 ▪ SDG 16 (not among the main 7 SDGs aligned with the Group)	Policy commitments A, B, F, G, H, L, M, P, Q, R, S, and U	▪ Zero-tolerance approach towards bribery and corruption in all our transactions as well as sexual harassment, child labour and forced labour, with stringent measures to uphold human rights. ▪ Refer to the Corporate Governance report for more details.
4 QUALITY EDUCATION Target 4.3, 4.4, 4.6, and 4.7 **5 GENDER EQUALITY** Targets 5.1, 5.5, and 5B **6 CLEAN WATER AND SANITATION** Targets 6.3, and 6.4 **9 INDUSTRY INNOVATION AND INFRASTRUCTURE** Target 9.1 **8 DECENT WORK AND ECONOMIC GROWTH** Targets 8.5, 8.6, 8.8, 8.9, and 8.10 ▪ UNGC Principles 1 – 6 ▪ Women's Empowerment Principles	Policy commitments A, B, C, E, F, G, M, P, Q, and U	▪ Rs. 202.5 Mn funds channelled directly towards our communities in development interventions. ▪ Rs. 604 Mn funds directed towards our plantation communities through donors. ▪ Refer to the Social & Relationship Capital report for more details.
8 DECENT WORK AND ECONOMIC GROWTH Target 8.4, 8.9, and 8.10 **9 INDUSTRY INNOVATION AND INFRASTRUCTURE** Target 9.1	Policy commitments E, G, H, J, K, L, M, N, O, P, Q, R, S, T, and U	▪ 21 process improvements carried out in 2023/2024. ▪ Rs. 964.6 Mn total investment to develop IT infrastructure. ▪ Rs. 90 Mn invested in sustainability driven processes and action plans. ▪ Refresher trainings and field visits to study real case studies in recovery efforts carried out for the Group's DRR/ BCM team. ▪ Refer to the Intellectual Capital, Manufactured Capital and Financial Capital reports for more details.

THE SPENCE IMPACT

Our vision for sustainability is to ensure that our operations thrive while positively impacting the environment and society. Our goal is to build back better and, more importantly, to **build better before,** improving systems and practices in a way that enhances environmental and social outcomes. We envision our businesses operating in harmony with the environment thriving in a low carbon economy driven by a skilled green workforce ready for a changing world creating sustainable value for all our stakeholders. We foresee a market demanding sustainable products and services, resilient supply chains rooted in circularity and responsible practices, and communities actively engaged in strengthening our value chain. Our commitment is to that future.

Aitken Spence's governance structure and implementation framework to achieve this vision are detailed in the **'Corporate Governance'** section of this report. We adopt an integrated, impact-based approach that prioritises aligning internal processes and strategies for economic, environmental, and social impact control and sustainable value creation. As a diversified organisation, we use a tiered approach that guides each business segment in identifying their impacts, establishing fundamental controls across the Group, while taking necessary steps beyond the basics to address industry-specific challenges. This approach allows flexibility for each company to plan their own strategies in alignment with the Group's overall vision and objectives.

As outlined in the **'Determining Materiality'** and **'Stakeholder Engagement'** sections, we examine stakeholder feedback, desk reviews, expert insights, and identified local and global needs to determine our operational priorities. Once we identify our priorities, we take two approaches to create value:

- Systemic Interventions: Efforts integrated into our business models,

- CSR Interventions: Additional initiatives to support and advance development.

These collective interventions contribute towards reaching the key objectives of the Group to achieve our goals.

Group's Goals and Key Objectives

Policy commitments for environmental and social sustainability

Internal process and organisational capacity objectives for policy commitments

Strategic interventions to achieve policy commitments and CSR projects for value addition

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