

Shared Growth through Stakeholder Engagement

OUR COMMITMENT TO OUR EMPLOYEES:



Provide a safe and inspiring working environment supporting personal and professional growth through fair remuneration and talent development.

Material topics:



Methods of engagement:

- » Open door policy
- » Network of Human Resource Partners
- » Staff conventions, competitions and other activities
- » Grievance handling procedures and whistle blowing
- » Internal newsletters, intranet and social media

Stakeholder expectations:

- » Job security and career growth
- » Competitive salary, benefits, rewards and recognition
- » A safe and healthy work environment
- » Work life balance

12,606 employees across 8 countries in over 16 diverse industry sectors.

Employees

OUR COMMITMENT TO OUR CUSTOMERS:



Work towards innovating our processes to provide best in class products and services to customers.

Material topics:



Methods of engagement:

- » Direct communication with designated points of contact
- » Buyer inspections audits
- » Social media, website and print media
- » SpenceWay- Customer satisfaction surveys

Stakeholder expectations:

- » Product quality and reliability
- » Product responsibility
- » New experiences, innovative products and services keeping with global market trends and unique local flavour
- » Value for money
- » Data security and privacy of customer information
- » Customer focused interaction and inclusion

As a diversified Group, we have a diverse profile of customers whose influence helps us grow and serve them better.

Customers

OUR COMMITMENT TO OUR INVESTORS, SHAREHOLDERS, BANKS & FINANCIAL INSTITUTIONS



To deliver returns commensurate with the risks undertaken and keep them apprised of our progress and challenges in a timely and transparent manner.

Material topics:



Methods of engagement:

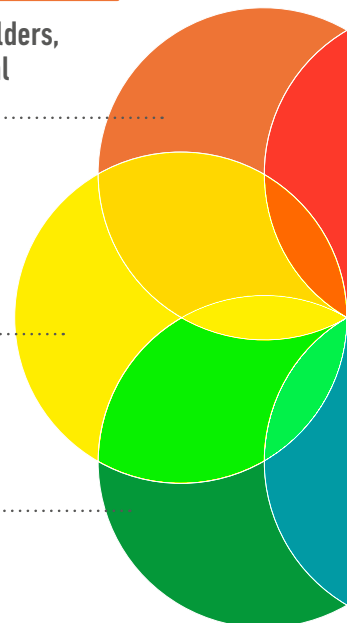
- » AGM and other regular meetings
- » Financial reporting
- » Print media, digital and voice
- » Investor forums and discussions
- » On site investor reviews for specific projects

Stakeholder expectations:

- » ROI and opportunities for growth
- » Business continuity
- » Ethical conduct and sustainable profitability
- » Innovative and competitive business strategies

Globally recognised investors and partners who have entered Sri Lanka through Aitken Spence

Investors, shareholders, banks and financial institutions



OUR COMMITMENT TO OUR SUPPLIERS AND SERVICE PROVIDERS:



Support mutual growth with reliable and sustainable supply chains.

Material topics:



Methods of engagement:

- » Direct and ongoing communication
- » Supplier appraisals
- » Industry events

Stakeholder expectations:

- » Opportunities for economic development
- » Sustainable and profitable business relationships
- » Ethical conduct
- » Professionalism in service conduct
- » Competitive advantage

As a diversified holding company, we operate with a network of more than 10,000 suppliers and service providers in diverse industries.

Suppliers and service providers

OUR COMMITMENT TO GOVERNMENTS AND REGULATORS:



Continue to establish and maintain governance structures that comply with legal and other regulatory requirements necessary in the industries we operate in.

Material topics:



Methods of engagement:

- » Direct dialogues
- » Publications and reports
- » Participation in industry/ national level events, consultation platforms
- » Industry affiliations
- » Compliance reviews
- » Media and annual reports

Stakeholder expectations:

- » Attract foreign investors
- » Compliance
- » Generation of employment
- » Foreign income generation
- » Payment of taxes/fees/levies/ government dues

As responsible corporate citizens, we are committed to be compliant with laws and regulations and to support sustainable development in every location where we operate.

Governments and regulators

OUR COMMITMENT TO OUR COMMUNITIES:



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

Material topics:



Methods of engagement:

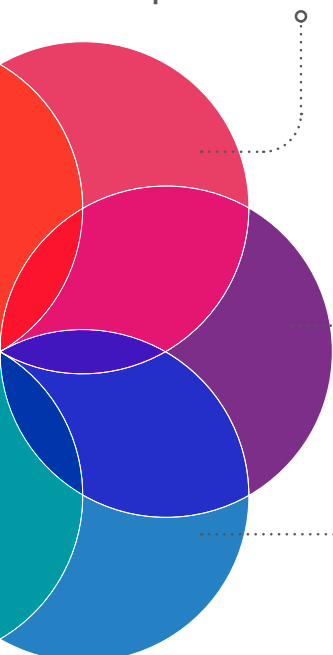
- » Direct communication
- » Local supplier relationships
- » Dialogues with community groups through ongoing initiatives for engagement
- » Print and social media

Stakeholder expectations:

- » Local economic development and employment
- » Improve and develop infrastructure
- » Leadership in environmental and social governance
- » Ensure safety, health and welfare of the communities
- » Build sustainable social relationships

We define 'local community' as the immediate community within 35-45km radius of our operations outside Colombo District; and the local communities of the countries we work in, for operations outside Sri Lanka.

Community



The Aitken Spence Strategy for Sustainability

Sustainability is an integral component of Aitken Spence's corporate strategy. Our continual and consistent effort is to ensure that our businesses are economically, socially, and environmentally sustainable. Towards that objective, we take proactive, precautionary, systemic efforts to enhance our positive impacts while controlling any negative impacts. We believe that a company cannot survive unless it protects the environment in which it operates and safeguards the interests of all of its stakeholders. Therefore, we are committed to continue our heritage of exemplary corporate citizenship by aligning our strategies with global benchmarks, best practices, and standards on sustainable development.

Our Materiality Process – Defining what matters most

1 Plan

We identify our sustainability priorities (material topics) by considering the following 'filters';

- » Desk assessment of potential impacts based on the nature and scale of the operations
- » Potential frequency of the occurrence of those impacts
- » Compliance requirements
- » Potential risk to the organisation and our stakeholders
- » Stakeholder needs, requirements and perspectives obtained from different channels of engagement

The integrated sustainability policy of the Group was formulated as per the identified priorities.

In addition to the Group's integrated policy, each SBU also has their own policies for priorities identified at SBU level.



The clauses of our Integrated Sustainability Policy:

A summary of the priorities included in this policy are shown below;

- | | |
|--|--|
| A. Compliance | L. Quality management |
| B. Endorsing local and global development priorities | M. Partnerships for Community development |
| C. Ethical conduct | N. Policies for local economic development |
| D. Environmental sustainability | O. Occupational health & safety (OHS) |
| E. Climate change risk and disaster risk reduction (DRR) | P. HR Management |
| F. Stakeholder engagement | Q. Human Rights |
| G. Supply chain management | R. Public disclosure of performance |
| H. ESG in strategic decisions | S. Information security |
| J. Sustainable processes for risk management | T. Policies for communication |
| K. Innovation | U. Animal welfare |
| | V. Performance review and planning |

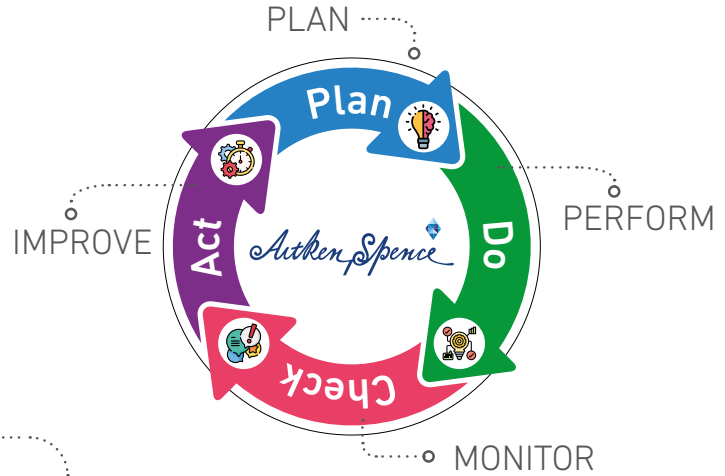
Please refer to aitkenspence.com/sustainability to peruse the full policy document in Sinhala, Tamil, or English.

4 Act

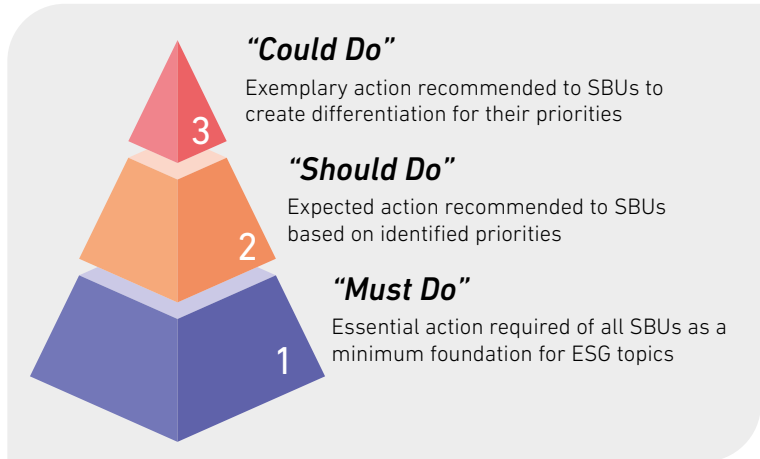
Findings of these reviews are discussed with the management, and we review our policies and strategies for improvements.



The overall process we follow to achieve this objective can be explained in a PDCA cycle;



Our implementation framework in a nutshell;



2 Do

Based on the identified priorities, SBUs are guided on how to implement action through the implementation framework shown.

We categorise required action into 3 levels which gives flexibility for policy adoption at any of our companies.

Through this framework, we implement action for all priorities across the Group to strengthen our positive influence on social, environmental, and economic growth. We also work to control our actions to reduce/mitigate the impacts where we may have the potential to damage social or environmental systems.



3 Check





Implemented action is routinely reviewed through internal assessments. SBUs may also seek external reviews of their management systems to check implemented action for effectiveness and alignment with the objectives.

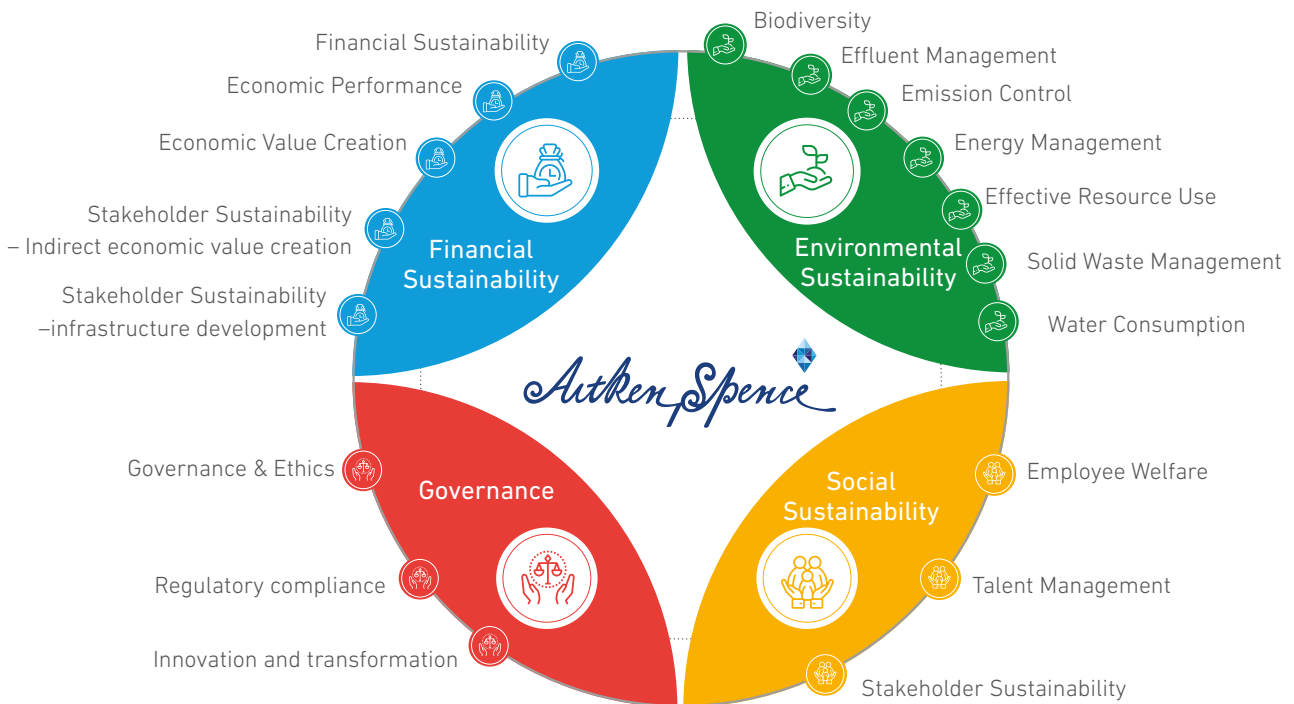


Our Material Topics

The Company determines material topics for the Group using the approach outlined in the 'Plan' phase of the Group's sustainability strategy. Accordingly, the integrated sustainability policy of Aitken Spence contains 21 clauses which describe the Company's operational priorities. The strategy and its implementation framework guide Aitken Spence companies on how to create sustainable value for its stakeholders.

The clauses in our integrated sustainability policy can be combined into these four key areas;

-  Financial sustainability, sustainable economic growth, and stakeholder value creation;
-  Environmental sustainability
-  Social sustainability
-  Governance



We believe in striking a balance between social, environmental and economic progress and governance to achieve sustainability in business and eudemonic well-being.

Applicable clauses in our policy



Material Topic Group by Significance



Benchmarked to Global Standards

The sustainability strategy of Aitken Spence PLC is influenced by the Ten Principles of the UN Global Compact. On 28 May 2022, Aitken Spence commemorates 20 years of engagement with the UN Global Compact, as one of the first corporate signatories in Sri Lanka. The Company was also among the first companies in the world to become signatory to the Women's empowerment principles.

The Group's sustainability strategy is one important mechanism to internalise the Ten principles of UN Global Compact as well as the seven Women's Empowerment Principles.

The UN Global Compact was formed to engage the private sector in the efforts to achieve local and global development needs. Accordingly, Aitken Spence, as a Group, has identified seven Sustainable Development Goals and twenty-four specific targets that have been incorporated within our own ESG objectives. Correspondingly, our efforts contribute towards local and global development needs. It should be noted that our segments also align towards other SDGs as material to their operations..

The 7 Sustainable Development Goals Aitken Spence PLC has aligned to as a group



Goal 4 – Quality education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. *Targets 4.3, 4.4, 4.6, and 4.7*



Goal 5 – Gender equality: Achieve gender equality and empower all women and girls. *Targets 5.1, 5.5 and 5B*



Goal 6 – Clean water & sanitation: Ensure availability and sustainable management of water and sanitation for all. *Targets 6.3, and 6.4*



Goal 8 – Decent work and economic growth: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. *Targets: 8.4, 8.5, 8.6, 8.8, 8.9, and 8.10*



Goal 9 – Industry, innovation, and infrastructure: Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. *Targets 9.1 and 9.4*






Goal 12 – Responsible consumption and production: Ensure sustainable consumption and production patterns. *Targets 12.2, 12.5, 12.6, 12.8 and 12B*





Goal 15 – Life on Land: Working towards contributing positively towards protecting our biodiversity and all ecosystems. *Targets 15.2 and 15.5*






The table overleaf shows the correlation between our ESG objectives, material topics, strategies, targets and key results;

Our ESG Objectives, Material Topics, Strategies, Targets and Key Results

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
<p>Achieve inclusive, sustainable growth and market share through strategic investment in resilient infrastructure and sustainable business models, ensuring a safe and conducive workplace, for all stakeholders</p> <p>Alignment to the SDGs</p>  <p>Targets 9.1 and 9.4</p>  <p>Targets 8.4, 8.5, 8.6, 8.8, 8.9 and 8.10</p>	<p>Policies & strategies:</p> <ul style="list-style-type: none"> » Financial decision-making procedures of the Group » Group-wide policies and procedures for innovation and transformation » Group's integrated sustainability policy » Group's HR strategies » Group-wide policies and procedures to maintain OHS and labour standards » Group-wide policies, procedures and management systems for ESG <p>Relevant material topics:</p> 	<ul style="list-style-type: none"> » Lead the transformation towards sustainable business in the industries we operate in, and create sustainable value for all stakeholders while preserving local culture, heritage, and ecosystems <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Only Sri Lankan company to be recognised in the global ranking of Top 100 Companies in Sustainability 2022, among global business leaders, in an independent assessment carried out by 'Sustainability' magazine, an international publication. <input checked="" type="checkbox"/> Our printing and packaging facility continues to be carbon neutral for the 8th consecutive year <input checked="" type="checkbox"/> Increased investments in renewable energy with the acquisition of 3 new mini-hydropower projects <input checked="" type="checkbox"/> Heritage Aarah launched an immersive lifestyle experience built on preserving the traditions, culture, heritage, and locality that is unique to the Maldives in a unique village experience for the guests » Ensure all Aitken Spence operations have frameworks to identify and mitigate disaster risk and strengthen business resilience <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Segments educated on disaster risk reduction (DRR)/ business continuity planning (BCP) frameworks with guidance from the Asia Pacific Alliance for Disaster Management Sri Lanka (APAD-SL) and the Disaster Management Centre – Sri Lanka <input checked="" type="checkbox"/> Assessments conducted across the Group to evaluate our vulnerability to natural and manmade disasters » Ensure 100% Aitken Spence companies have BCPs strengthened with DRR mechanisms <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Segments educated on DRR with assistance from the APAD-SL <input checked="" type="checkbox"/> BCPs being revised to strengthen resilience against natural and manmade disasters » Invest in infrastructure that are resilient, inclusive of development priorities for the countries of operation and support sustainable industrialisation <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We launched Sri Lanka's first 10MW waste to energy power plant which was fully operational through the energy crisis <input checked="" type="checkbox"/> The company increased our renewable energy generation capacity by 16.6MW from 2020/2021 » Provide a safe working environment for all employees and stakeholders of our companies <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Procedures maintained through the Group to uphold compliance, and globally benchmarked best practices in OHS, labour standards and human rights at the workplace <input checked="" type="checkbox"/> OHS management systems certified at 24 operations <input checked="" type="checkbox"/> 82 management systems for social and environmental governance certified at our operations » Uphold policies and procedures to decouple environmental degradation from business operations <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Effective environmental management systems established at all operations with over 100 team members trained over the years as environmental management representatives and internal auditors



Our ESG Objectives, Material Topics, Strategies, Targets and Key Results

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
		<ul style="list-style-type: none"> » Utilise our strengths and resources to empower local communities through access to essential infrastructure such as access to finances, required life skills such as financial literacy and by prioritising local communities and youth in opportunities for employment, purchasing and entrepreneurship <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Rs. 128 Mn invested towards community development <input checked="" type="checkbox"/> Aitken Spence partnered with APAD-SL to educate micro, small and medium enterprises (MSMEs) in the tourism sector in the Southern on how to strengthen business resilience and be better prepared to capitalise opportunities in the post COVID operating environment in Sri Lanka
<p>Strengthen and promote gender equality in the workforce</p> <p>Alignment to the SDGs</p>  <p>Targets 5.1, 5.5 and 5B</p>	<p>Policies & strategies:</p> <ul style="list-style-type: none"> » HR policies and procedures » Group's SOPs on labour standards » Commitment to the Women's Empowerment Principles » Group's integrated sustainability policy <p>Relevant material topics:</p> 	<ul style="list-style-type: none"> » Ensure 100% awareness among all Aitken Spence employees about the Group's policies and stand on gender equality, discrimination, sexual harassment and human rights at the workplace <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ongoing; training modules on sexual harassment, our Code of Ethics and Professional Conduct on our online training platform have registered over 9,000 views to date <input checked="" type="checkbox"/> Topics are also covered at foundation level for all new recruits of the Group in the 'Roots to Excellence' orientation programme <input checked="" type="checkbox"/> The Group Supervisory Board held a virtual panel and interactive discussion with all employees to debate crucial topics on breaking the bias in the workplace. <input checked="" type="checkbox"/> Aitken Spence participated in the Target Gender Equality accelerator programme of the UN Global Compact where two senior management representative of the Company received special training on how to drive gender equality at the workplace. As an Executive Director of Aitken Spence PLC, Ms. Stasshani Jayawardena also received specific training for C-suite representatives who participated in this programme. » Increase female representation in senior management (AM and above) to 50% by 2035 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Currently, our female representation is at 40% » Enable access to improve skills and knowledge on technology <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Skills development programmes conducted with access enabled to all staff, especially through the online learning platform giving flexibility to learn at their own pace <input checked="" type="checkbox"/> PACE programme maintained at the garments segment; diverse programmes conducted at the plantations segment <input checked="" type="checkbox"/> 33% female students in total registrations at CINEC » Ensure all executive staff have equal access and skills to remote working facilities and technologies <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Already achieved » Achieve minimum 30% female representation in technological positions across the Group by 2030

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
<p>Make Aitken Spence operations a platform to increase opportunities for inclusive development through education and skill development</p> <p>Alignment to the SDGs</p>  <p>Targets 4.3, 4.4, 4.6, and 4.7</p>	<p>Policies & strategies:</p> <ul style="list-style-type: none"> » HR procedures for learning and development » Local development initiatives of the Group and the SBUs » Group's integrated sustainability policy <p>Relevant material topics:</p> 	<ul style="list-style-type: none"> » Educate 100% Aitken Spence employees on knowledge and skills required promote sustainable development <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ongoing; the Group conducted programmes online and in person specifically on sustainability related topics <input checked="" type="checkbox"/> Webinars conducted on ecosystem conservation included eminent panelists such as Prof. Kotagama » Promote female participation in STEM subjects through our operations <ul style="list-style-type: none"> <input checked="" type="checkbox"/> 33% female students in total registrations at CINEC » Provide opportunities for local youth and other key stakeholders to acquire relevant skills for employment, including financial literacy <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Plantations segment provided access to computers and digital devices so that students in estate communities can continue with their education during lockdowns <input checked="" type="checkbox"/> Aitken Spence partnered with APAD-SL to educate tourism sector MSMEs in the Southern province on how to develop resilience and be better equipped to capitalise on opportunities in Sri Lanka's post COVID operating environment.
<p>Ensure sustainable consumption and management of resources</p> <p>Alignment to the SDGs</p>  <p>Targets 6.3 and 6.4</p>  <p>Targets 12.2, 12.5, 12.6, 12.8 and 12.b</p>	<p>Policies & strategies:</p> <ul style="list-style-type: none"> » The Group's integrated sustainability policy » Management systems and benchmarks maintained by the SBUs <p>Relevant material topics:</p> 	<ul style="list-style-type: none"> » Ensure all Aitken Spence operations have frameworks to monitor, manage and ensure sustainable and efficient use of natural resources <ul style="list-style-type: none"> <input checked="" type="checkbox"/> The Group maintains over 140 management systems for ESG with more than 600 team members trained on their allocated tasks » Employ, maintain and promote the 7R principle to ensure sustainable and efficient use of all resources and to reduce waste <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ongoing; we conducted a series of educational sessions during the year for employees and their families in English and Sinhala with Mr. Ravi de Silva, the founder of this concept, conducting the sessions online » Zero single use plastics at Aitken Spence operations by 2030 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ongoing; plastic straws, butter sachets discontinued at all hotel properties; plastic bottles replaced with glass bottles at Heritage properties with other properties to follow suit in due course; all waste is segregated and responsibly disposed in the meantime at all operations » Zero waste dumping to landfills by 2030 <ul style="list-style-type: none"> <input checked="" type="checkbox"/> We are repurposing municipal solid waste to generate energy for the national grid while also keeping waste away from landfills and specifically from sensitive wetland ecosystems through the waste to energy power plant <input checked="" type="checkbox"/> At operational level, we continue to segregate and responsibly dispose all waste

Our ESG Objectives, Material Topics, Strategies, Targets and Key Results

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
		<ul style="list-style-type: none"> » Promote education and awareness about sustainable development, consumption, and production through all operations <ul style="list-style-type: none"> ☑ Ongoing; the Group conducted programmes online and in person through the years specifically on sustainability related topics; webinars conducted on ecosystem conservation included eminent panelists such as Prof. Kotagama » Promote and encourage commitment within our supply chains for sustainable consumption and production <ul style="list-style-type: none"> ☑ Ongoing; over 3,500 suppliers across the Group have been screened and/ or educated on ESG priorities of the Group to date » Ensure 100% wastewater generated at Aitken Spence operations is safe for reuse or disposal <ul style="list-style-type: none"> ☑ Achieved and maintained » Replace solvents, and other products used that mix with water with biodegradable options <ul style="list-style-type: none"> ☑ Achieved and maintained » Increase efficiency of water use <ul style="list-style-type: none"> ☑ Ongoing » Reduce withdrawal of fresh water <ul style="list-style-type: none"> ☑ Ongoing; Aitken Spence hotels and the printing & packaging segment reused treated wastewater ☑ The plantations and printing & packaging segments harvest rainwater to reduce freshwater consumption » Engage with 100% employees of Aitken Spence to increase awareness about water and other resource conservation and efficiency of use <ul style="list-style-type: none"> ☑ Ongoing; several programmes conducted over the last year which were available to all staff members through our online learning platforms ☑ Art competition conducted for children of employees to engage at a wider scope to increase awareness on environmental sustainability with special educational sessions conducted with Mr. Ravi de Silva, environmentalist and ESG consultant, to educate participating children and their parents on the importance of environmental sustainability ☑ Art competition conducted to mark World Wetlands Day ☑ Educational sessions conducted over the month of March to educate employees as well as to mark the importance of wetland conservation with support from the Green Building Council of Sri Lanka

Our goals and objectives	Integration into policies and strategies and relevant to material topics	Our targets and key results
<p>Protect, restore, and promote sustainable use of natural ecosystems including forests, wetlands and marine ecosystems</p> <p>Alignment to the SDGs</p>  <p>Targets 15.2 and 15.5</p>	<p>The Group's integrated sustainability policy</p> <p>Management systems and benchmarks maintained by the SBUs</p> <p>Relevant material topics:</p> 	<p>» Protect and increase the green cover of Sri Lanka</p> <ul style="list-style-type: none"> ☑ The plantations segment has maintains over 8,000ha of green cover through targeted reforestation programmes ☑ The power segment maintains a tree belt with more than 20,000 trees including many trees of endemic and medicinal value with a plant nursery providing trees to a wider community outside our operations as well ☑ The elevators segment contributed to increase the urban green cover by planting a tree belt along the Southern Expressway. The tree belt includes plants such as Kumbuk -760, Mee – 200, Karanda – 20, and Neem – 20 adding up to 1,000 trees which covers the entire length of the expressway, a section of approximately 3KM from Palatuwa to Mattala via Andarawewa. The program was implemented in collaboration with the Road Development Authority (RDA) and Geo Explore Foundation. <p>» Protect and restore forests, wetlands, mangroves, and coastal ecosystems</p> <ul style="list-style-type: none"> ☑ Aitken Spence hotels maintains 198 acres of forest cover adjacent to Heritage Kandalama and 52 acres of forest cover within the premises of the hotel in its pristine condition ☑ Our hotel properties in the Maldives carry out coral restoration projects; <p>» Use our operations to create and increase education and knowledge about the protection and restoration of natural ecosystems</p> <ul style="list-style-type: none"> ☑ Ongoing; Aitken Spence hotels partnered with the Maritime & Freight Logistics sector to set up waste bins along our coastal properties to support the 5th R in the 7R Principle which is to enable the process of 'Reclaiming' materials to achieve zero waste dumping to landfills or the environment