

## ABOUT THIS REPORT

(GRI 2-3)

We continue to evolve our integrated report, embracing new standards and thinking to support corporate longevity with sustainable and resilient business models. Our holistic approach drives awareness of the Group's relevance to and its impacts on, the economy, people, and the planet. It supports our goal of efficient resource allocation to our strategic priorities, which have been determined considering our relevance, interdependencies and impacts.

Integrated reporting & thinking

Sustained value creation



Efficient & productive capital allocation

Organisation resilience & financial stability

### Reporting Principles & Key Concepts

- Impacts
- Materiality
- Strategic focus and future orientation
- Connectivity of Information
- Stakeholder relationships
- Conciseness
- Alignment of financial and non-financial reporting boundaries
- Reliability & completeness
- Consistency & comparability

This is the 42nd Annual Report of Aitken Spence PLC, following the listing of the Company in 1983 and the 13th Annual Integrated Report, setting out the performance of the Group for the financial year ending 31st March 2024. It seeks to provide a balanced review of the financial, environmental, social and governance aspects of the Group in a concise, comprehensive and transparent manner. This report builds on the Annual Integrated Report for the financial year 2022/2023, continuing our quest for excellence in corporate reporting.

### SCOPE & BOUNDARY

This report covers the financial and non-financial performance of Aitken Spence PLC and its subsidiaries, joint ventures and associates located in Sri Lanka and eleven other countries, collectively referred to as the Group. These entities are administratively arranged into 04 sectors and 16 segments, as set out on page 11. The financial reporting boundary encompasses all group entities. The report sets out how we create, preserve, or erode value through our business activities. The reporting boundary for non-financial information is defined based on 'operational control' for our sustainability strategy, aligning our emission accounting practices with the GHG Protocol's standards. Accordingly, the reporting boundary only includes owned operations in Sri Lanka, the Maldives, Oman, and India. Our operations in Singapore, the port operations in Fiji and Mozambique and the tourism and cargo operations in Myanmar and Cambodia are excluded, as our sustainability strategy does not extend to these operations.

### Reporting Boundary & Scope

#### External Stakeholders & Operating Environment

26

Companies Overseas

95

Companies in Sri Lanka

*Aitken Spence*

### SASB Standards used in preparing the report

- Hotels & Lodging Standard

- Road Transportation Standard
- Air Freight & Logistics Standard

Tourism

Maritime & Freight Logistics

No applicable sector standards issued

No applicable sector standards issued

### GRI Sector Standards applicable to the Group

## FRAMEWORKS

## Regulatory Requirements

- Companies Act No.7 of 2007 and the amendments thereto
- Listing Rules of the Colombo Stock Exchange
- Sri Lanka Accounting & Audit Standards Act No.15 of 1995
- Sri Lanka Accounting Standards (SLFRs/LKASs)
- Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 and the amendments thereto
- Inland Revenue Act No. 24 of 2017 and the amendments thereto
- Foreign Exchange Act No. 12 of 2017 and the amendments thereto

## Voluntarily Adopted Frameworks &amp; Standards

- <IR> Framework issued by the International Integrated Reporting Council
- GRI Universal Standards 2021
- Ten Principles of the UN Global Compact
- Women's Empowerment Principles
- Communicating Sustainability issued by the Colombo Stock Exchange
- Code of Best Practice on Corporate Governance issued by CA Sri Lanka (2023)
- Guidelines for Presentation of Annual Reports 2022 issued by CA Sri Lanka
- Gender Reporting Framework issued by CA Sri Lanka
- 06 SASB Standards

## RE-STATEMENTS &amp; COMPARABILITY OF INFORMATION

(GRI 2-4, 2-5)

There were no restatements of financial information during the year. Therefore, the information presented in the report is comparable between the current and prior reporting periods. However, the scope and boundary of the non-financial information used to calculate the Group's emissions have been revised in line with the GHG Protocol on the basis of 'operational control'. Furthermore, the emission factors used in our calculations have been updated using the IPCC\* and DEFRA\* databases to improve the accuracy of our data. Accordingly, the non-financial data for 2022-2023 has been restated to enable comparability of information.

**\*Note:** The IPCC (Intergovernmental Panel on Climate Change) and DEFRA (Department for Environment, Food & Rural Affairs) databases are considered the most credible sources for obtaining emission factors, due to their comprehensive, scientifically validated data and global acceptance in environmental research and policymaking.

External assurance on the financial statements has been provided by Messrs. KPMG, Chartered Accountants, while assurance for our non-financial information, aligned with the GRI Universal Standard (2021) and Integrated Reporting, has been provided by Messrs EY, Chartered Accountants.

- Agriculture Products Standard
- Apparel, Accessories & Footwear Standard
- Electric Utilities & Power Generators Standard

No applicable industry standards issued

## Strategic Investments



GRI 13 (Agriculture Sector)

## Services

No applicable sector standards issued

## NAVIGATING OUR REPORT





## The Capitals

Financial Capital Human Capital Intellectual Capital Natural Capital Social & Relationship Capital Manufactured Capital 

## Stakeholders

Customers Employees Business Partners Government & Regulators Communities Investors 

## Objectives

Sustainable profit growth Geographical expansion Diversify into new business segments Reduce resource footprint and achieve net zero emission status Employer of choice 

**FORWARD LOOKING STATEMENTS**

This report includes forward-looking statements based on external and internal information currently available to facilitate assessment of the Group's prospects. These statements are associated with a high level of uncertainty due to the volatility in the global and local economic outlooks. The outcomes and impacts of some of these statements relate to future events which are beyond our control but can significantly affect the Group's ability to create value. Readers are advised to make their own judgements using the latest information available at the time of assessment, due to the elevated levels of uncertainty in forward-looking statements. All forward-looking statements are provided without recourse or any liability whatsoever to the Board or other preparers of the Annual Report for the reasons enumerated above.

**STATEMENT BY THE BOARD**

The Management of Aitken Spence PLC has prepared, reviewed and approved the contents of the Annual Report for the year ended 31st March 2024. The Board acknowledges its responsibility to ensure the integrity of the Annual Report and to ensure that it provides a balanced view of its performance addressing all material issues that may have an impact on the Group's capacity to create value in the short, medium and long term. We also confirm that the Report has been prepared in accordance with GRI Standards 2021 and the integrated reporting framework of the International Integrated Reporting Council (IIRC). The acknowledgment of the Boards' responsibility for the Annual Report and its contents are given in the Annual Report of the Board of Directors on pages 144 to 148. The report was approved by the Board of Directors on 15th July 2024.

**FEEDBACK & INQUIRIES**

A feedback form is provided on pages 467 to 468 and at [aitkenspence.com/feedback](https://aitkenspence.com/feedback). We would appreciate your feedback on the Annual Report using this form, which can be mailed to the Company Secretaries with 'Annual Report 2024 Feedback' marked on the top left-hand corner of the envelope, emailed to the address given below, or submitted directly via the aforementioned link. The form can also be accessed via the QR code provided below.

These responses will be perused by the Management of the Company.  
We value your feedback and will use the same in improving the Annual Report.

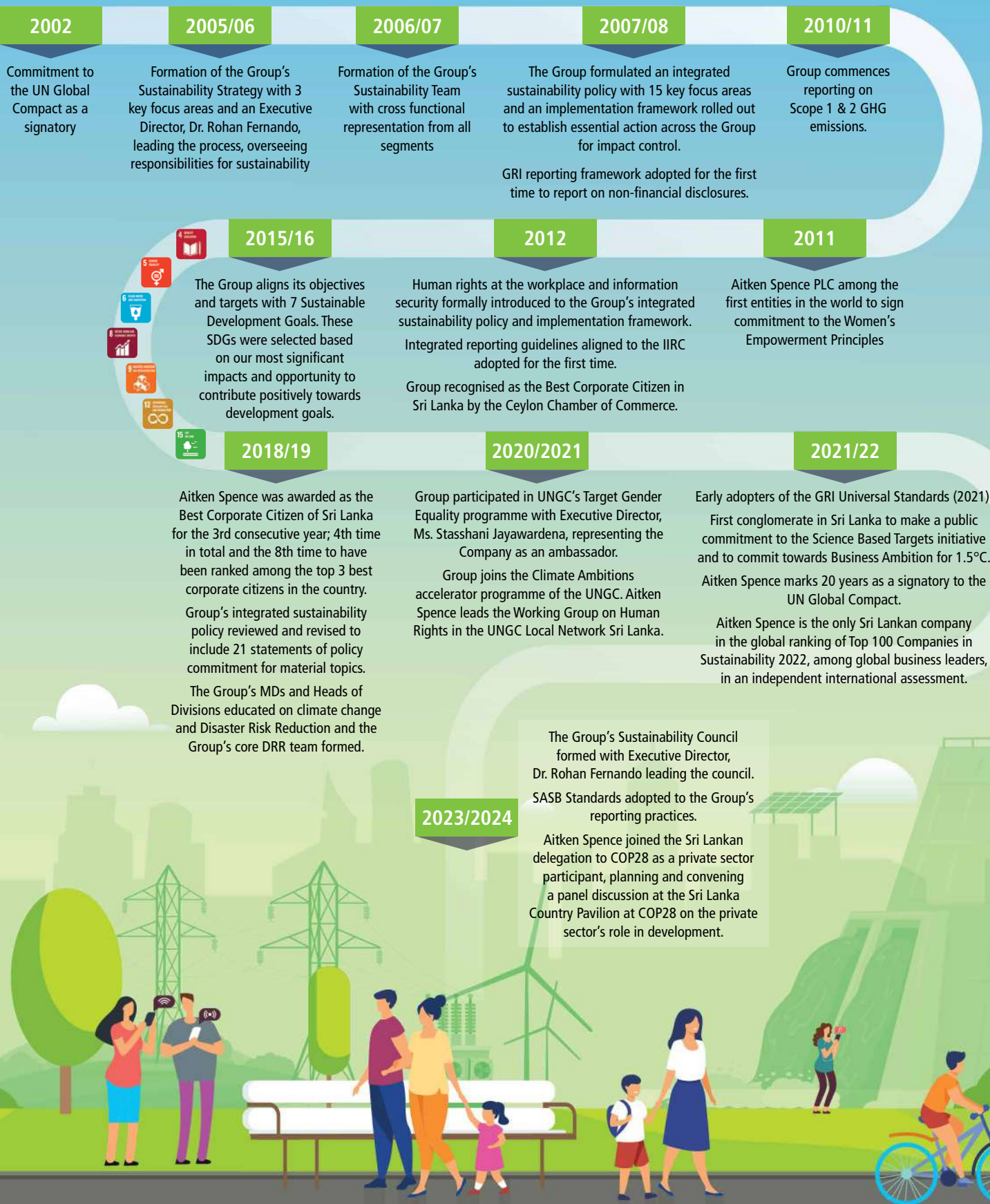
Please contact the following person for inquiries regarding the Annual Report:

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Colombo 2, Sri Lanka



(GRI 2-3)

## OUR SUSTAINABILITY JOURNEY



POWER TO INSPIRE



(GRI 2-6)



## CUSTOMERS

## Meaningful relationships built

- 23 Brands represented
- 32 New products and 2 new markets
- Longstanding partnerships with renowned global brands
- 190+ Environmental and social management systems maintained for product and service responsibility



## GOVERNANCE &amp; ECONOMIC CONTRIBUTION

## Building trust through governance

**Zero tolerance to bribery and corruption and zero direct non-compliance with laws, regulations and voluntary codes of conduct**

Transparent corporate reporting consistently improved

- Rs. 12.2 Bn Taxes paid
- Rs. 131.0 Bn Foreign exchange facilitated to the country
- Rs. 90 Mn Invested in systems and processes for ESG



## COMMUNITY

## Lives we have changed

- Rs. 202.5 Mn Funds channelled for community development initiatives
- Rs. 604.1 Mn Funds channelled from our networks
- Rs. 67.2 Bn Payments made to suppliers
- Impactful interventions to promote local employment, encouraging entrepreneurship, skills development, supporting local businesses, enhancing infrastructure



## ENVIRONMENT

## Difference we have made

- 27% of Total energy consumed from renewable sources
- 559 Suppliers screened during the year
- 100% Wastewater and effluents from hospitality and manufacturing operations treated for safe reuse or disposal
- Zero ecosystems adversely affected by operations



## EMPLOYEES

## Lives we have enriched

- 13,000+ Employees
- 18% Female representation in managerial roles
- Rs. 18.6 Mn Invested in training and development
- Rs. 15.3 Bn in remuneration and benefits
- 80+ Management Systems for OHS



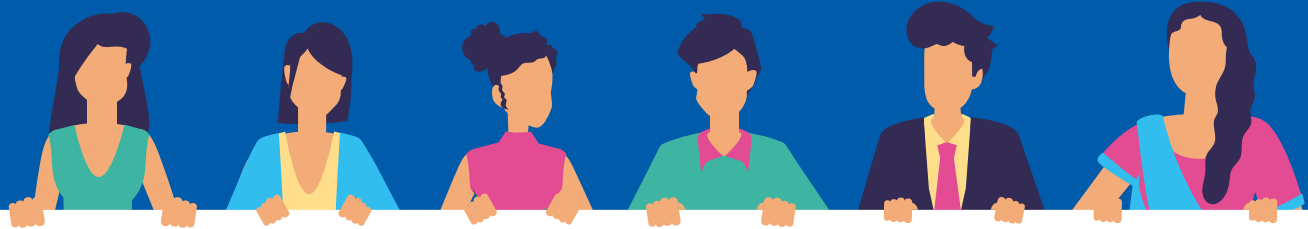
## ABOUT US



Aitken Spence PLC is a leading diversified conglomerate listed on the Colombo Stock Exchange with operations spanning twelve countries in Asia, Oceania and Africa. Established as an importer and exporter in 1868, our operations now cover all three sectors of agriculture, industry and services of an economy with a broad presence over multiple value chains. Our journey of inspiration isn't just marked by the milestones we have achieved but by the lives we touched and inspired, the communities we have transformed, and the environment we've vowed to protect.

Our focus on delivering value to stakeholders has been our key to growth, while enhancing our commitment to high standards of professionalism, governance and performance. Aitken Spence has made sustainability its core ethos, understanding that the long-term success of business is intrinsically linked to the well-being of the planet. Through our many initiatives and sustainable practices adopted consistently and conscientiously throughout the Group's four key sectors of Tourism, Maritime & Freight Logistics, Strategic Investments and Services, Aitken Spence remains steadfast in our commitment to protecting the environment. The Group's commitment to such sustainable initiatives is amply demonstrated in the investment made in renewable energy projects, and in having the first and only waste to energy power generation project in Sri Lanka.

Aitken Spence understands that our greatest asset is our people. By nurturing a work environment that values respect, diversity, and personal growth, we ensure that our employees feel recognised and motivated. Aitken Spence's impact has reached well beyond its immediate business periphery, as we actively engage in enhancing community well-being through development projects, educational programmes, and continuous support of local entrepreneurship. These efforts have not only elevated living standards but also brought optimism and confidence to stakeholders, ranging from local partners to global investors. Through our actions, we have conveyed a strong statement on the role of business in society, showcasing that profitability and societal purpose can coexist, proving that success of both factors are mutually attainable.



### 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

### 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.



4

## Sectors

16

## Business segments

Aitken Spence PLC the holding Company of a portfolio of diverse investments in 121 companies spanning 92 subsidiaries, 29 joint ventures and associates. The detailed group structure is given on pages 36 and 37. These companies are categorised into four main sectors of Tourism, Maritime & Freight Logistics, Strategic Investments and Services.

The scale of our operations coupled with expertise and systems honed over 155 years give us a vantage point to understand where our resources and expertise can be deployed to drive sustainable economic growth. The Group has played a catalytic role in the countries in which it operates, with pioneering ventures in critical industry sectors. It continues to support economic growth with investments in infrastructure, jobs, capacity building, development of overseas markets and linking to global supply chains leveraging its corporate brand and long standing relationships.



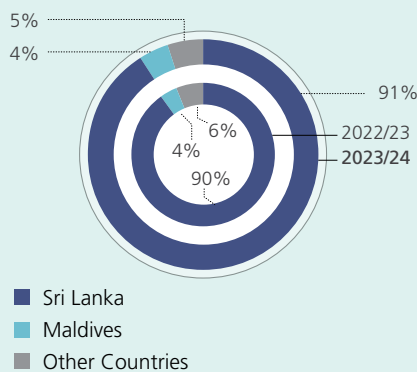


LOCATIONS OF OPERATIONS (GRI 2-1)

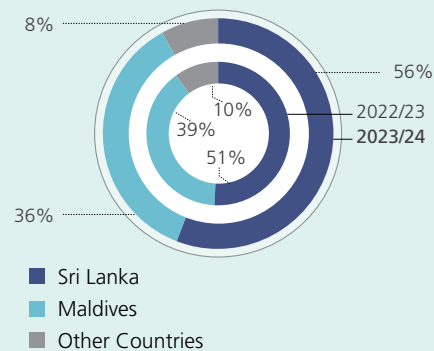
- 1 Sri Lanka
- 2 Maldives
- 3 Fiji Islands
- 4 India
- 5 Oman
- 6 Bangladesh
- 7 British Virgin Islands
- 8 Myanmar
- 9 Cambodia
- 10 Mozambique
- 11 Singapore
- 12 United Arab Emirates



PEOPLE BY GEOGRAPHIC SEGMENTS



REVENUE BY GEOGRAPHIC SEGMENTS



### Largest Inbound Tour Operator



- The destination management segment catered to 224,179 tourists this year.
- The segment has consistently remained the premier choice for attracting tourists to Sri Lanka, leveraging its extensive networks to develop and expand its source markets.

### Money Transfer Services



- Provides money transfer services with the world's top three players, Western Union, Ria and Moneygram
- Facilitated inward remittances of over USD 270 Mn from Sri Lankans living overseas.
- Network of over 3,000 agents islandwide

### Hotels Operations



- The Company set a milestone by opening the country's first five-star resort, Hotel Triton, in the 1980s, turning a new page in Sri Lanka's hospitality history.
- In 1993, Aitken Spence became the first Sri Lankan company to expand its resort investments to the Maldives, pioneering international hospitality ventures.
- Today, Aitken Spence is recognised as a leading hotel operator in Sri Lanka, the Maldives, Oman and India, boasting an extensive inventory of 2,639 rooms.

### CINEC Campus



- A leading tertiary education institution in Sri Lanka, the campus offers career pathways to students, supporting capacity building of our youth.
- Partners with foreign universities to offer a range of graduate and vocational training courses.
- A growing portfolio of University Grants Commission approved degree courses.

### Investment in Power Generation



- In response to Sri Lanka's power crisis in the late 90s, the Company invested in 20 MW thermal power plants in Horana and Matara, and expanded its energy portfolio with a 100 MW plant in Embilipitiya to serve the Southern Province, reinforcing its commitment to national power stability.
- Giving priority to climate initiatives, the Company embraced renewable energy, diversifying into solar, wind and hydro power.

### Hotel Management Operations Overseas



- As the first Sri Lankan Company to venture into international hotel management, we now oversee five properties in the Maldives. Additionally, we manage three hotels in Oman, all part of a renowned hotel group.

### First Waste to Energy Project



- The first Sri Lankan Company to embark on a waste-to-energy project, addressing two national challenges with a single innovative solution.
- Throughout the year, the facility processed 220,616 MT of waste, significantly reducing its environmental footprint. This effort not only diverts waste from landfills but also promotes a cleaner, more sustainable environment, highlighting the facility's dedication to environmental stewardship.

### Fiji Ports



- The Aitken Spence Group has been at the forefront of expanding Sri Lankan port management operations internationally, notably as the first company from Sri Lanka to specialise in port efficiency management overseas.
- First Sri Lankan company to enter in to a public private partnership overseas and become the first Sri Lankan international port management company to operate in the Fiji islands.

## DIVERSIFICATION ACROSS SECTORS



Tourism

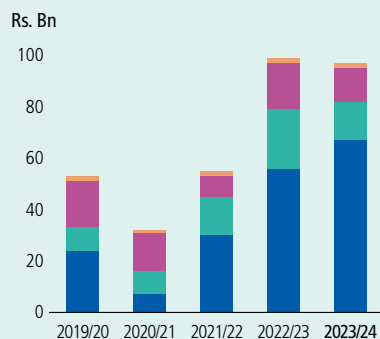
Maritime and  
Freight Logistics

Strategic Investments

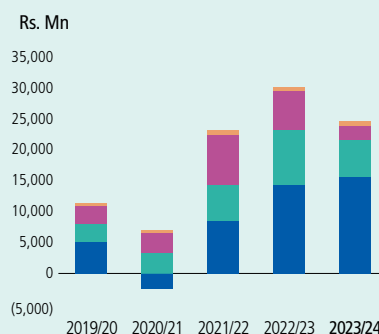


Services

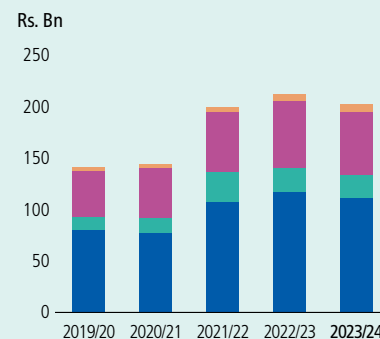
## Revenue from External Customers



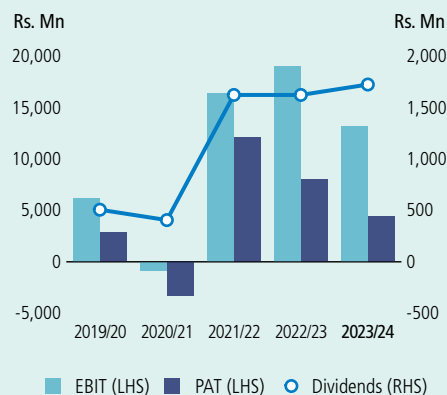
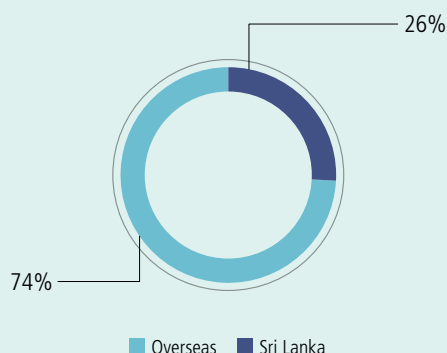
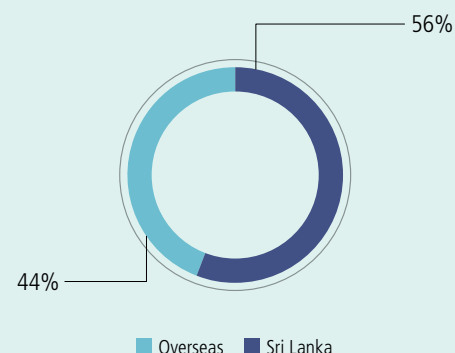
## EBITDA



## Total Assets



## EBIT, PAT &amp; Dividends

Geographical Analysis -  
Profit from OperationsGeographical Analysis  
of Segmental Assets

## Revenue

Rs. 97.5 Bn

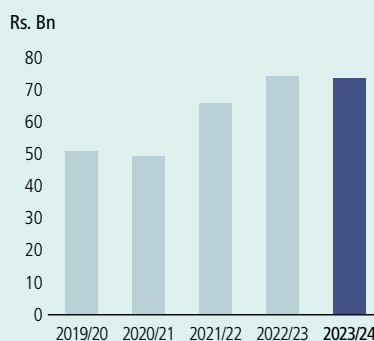
## Total Assets

Rs. 201.3 Bn

## Shareholder's Funds

Rs. 73.8 Bn

## Shareholder's Funds



## EBITDA

Rs. 24.5 Bn

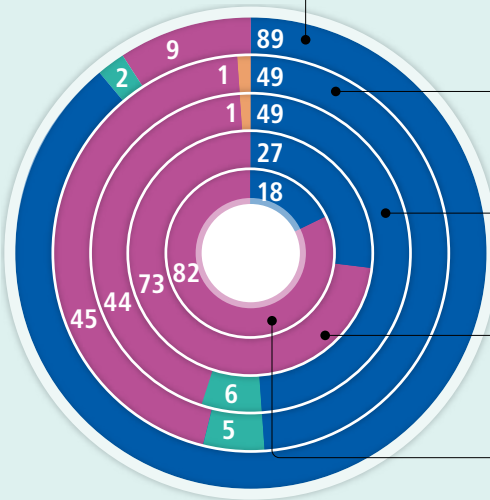
## Profit after Tax

Rs. 4.5 Bn

## Dividends per Share

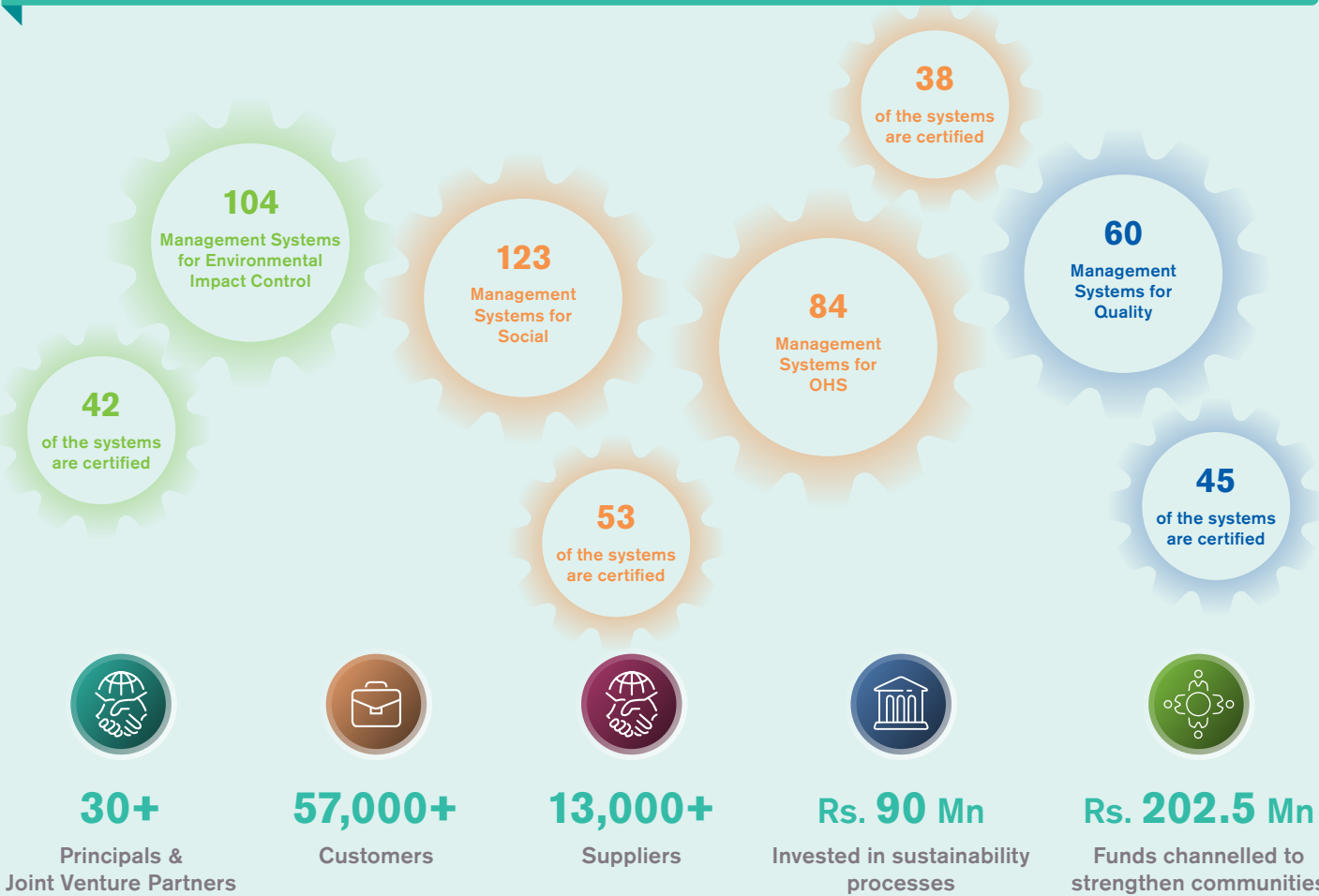
Rs. 4.25

Our Environmental Footprint by Sector



Total Water Consumed	89%	2%	9%	negligible
1,643,568 m <sup>3</sup>				
Total Scope 1 & 2 Emissions	49%	5%	45%	1%
82,800 tCO <sub>2e</sub>				
Total Energy Consumed	49%	6%	44%	1%
895,094 GJ				
Solid waste managed	27%	negligible	73%	negligible
40,264 MT and 10,862 Units				
Effluents managed	18%	negligible	82%	negligible
31,595 Litres				

Product & Service Responsibility Through Systemic Interventions



## FINANCIAL INFORMATION

	2023/2024	2022/2023	YoY %
<b>Income Statement</b>			
Group revenue (including associates) (Rs.Mn)	109,018	107,498	1
Group revenue (Rs.Mn)	97,486	98,104	(1)
Profit /(loss) from operations (Rs.Mn)	13,226	18,984	(30)
Share of profit from equity accounted investees (Rs.Mn)	1,318	1,070	23
Profit /(loss) before tax (Rs.Mn)	6,725	11,201	(40)
Income tax expense (Rs.Mn)	2,273	3,125	(27)
Profit /(loss) after tax (Rs.Mn)	4,452	8,076	(45)
Profit /(loss) attributable to equity holders of the company (Rs.Mn)	2,928	6,644	(56)
<b>Statement of Financial Position</b>			
Non - Current assets (Rs.Mn)	133,669	139,964	(4)
Current assets (Rs.Mn)	67,418	74,204	(9)
Total assets (Rs.Mn)	201,257	214,338	(6)
Total equity (Rs.Mn)	85,720	86,216	(1)
Non - Current liabilities (Rs.Mn)	58,959	69,969	(16)
Current liabilities (Rs.Mn)	56,578	58,153	(3)
<b>Key Ratios</b>			
ROE (%)	3.95	9.47	(58)
ROCE (%)	12.64	16.49	(23)
Interest cover (times covered)	1.73	2.19	(21)
Current ratio (times covered)	1.19	1.28	(7)
Debt equity ratio	0.45	0.54	(17)
<b>Economic</b>			
Value Added by the Group (Rs. Mn)	41,055	46,934	(13)
Foreign Exchange facilitated to the country (Rs. Mn)	130,955	81,886	60
Taxes paid to Government (Rs. Mn)	12,245	9,369	31
Direct employment generated	13,281	13,033	2



**12.64 %**

ROCE



**Rs. 41.1 Bn**

Value Added by the Group



**Rs. 7.21**

Earnings per share



	2023/2024	2022/2023	YoY %
<b>Investor information</b>			
Market capitalisation as at 31st March (Rs.Bn)	52.88	53.19	(1)
Market price as at 31st March (Rs.)	130.25	131.00	(1)
Earnings per share (Rs.)	7.21	16.36	(56)
Price Earnings Ratio (times)	18.06	8.01	125
Dividends per share (Rs.)	4.25	4.00	6
Dividend payout ratio (%)	58.93	24.44	141
Net asset value per share (Rs.)	181.86	183.26	(1)
Price to Book Ratio (times)	0.72	0.71	1
<b>Tourism Sector</b>			
Total pax handled by destination management	234,976	105,974	122
Guest nights in owned hotels	1,064,058	787,025	35
Room inventory owned and managed	2,639	2,627	0
<b>Maritime &amp; Freight Logistics Sector</b>			
Total warehouse space (Sq. Ft)	470,074	401,602	17
Youth capacity building at CINEC campus (No. of students)	22,975	19,861	16
<b>Strategic Investments Sector</b>			
Power generated (MWh)	175,436	164,002	7
Apparel produced Pieces ('000)	3,614	4,305	(16)
Tea produced (Kgs '000)	4,248	4,268	(0)
Import substitution with palm oil production (Kgs '000)	23,617	21,694	9
<b>Services Sector</b>			
Number of Inward remittance transactions	918,387	562,575	63
Commercial office space (Sq. Ft)	195,784	195,784	-



**Rs. 52.9 Bn**

Market capitalisation



**58.9%**





Dividends payout



**Rs. 4.25**

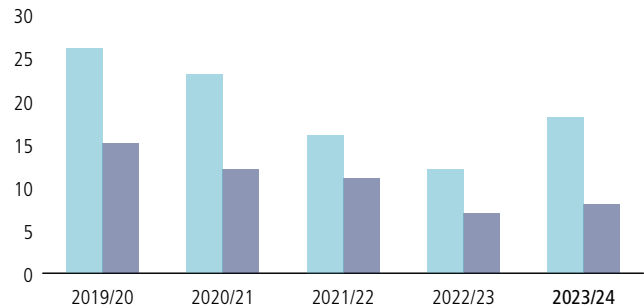
Dividends per share

## CONSOLIDATED ESG PERFORMANCE

			2023/2024			
(GRI 205; 206; 302-1,3; 303-2,303-3,303-5; 305-1, 305-2, 305-5; 306-1, 306-3, 306-4, 306-5; 401-1; 404-1)						
	Note	Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
<b>Environmental Performance</b>						
<b>Resources</b>						
Total energy consumption (GJ)	1.1	895,094	439,523	51,039	399,801	4,731
Energy consumption per unit revenue (Rs. Mn)	1.1	10	7	6	30	3
Energy produced (GJ)	1.2	1,353,714	321,357	398	1,031,959	-
Total energy produced from renewable sources (GJ)	1.2	775,947	22,415	398	753,134	-
Volume of water withdrawn (m3)	1.3	1,643,568	1,460,264	32,426	143,880	6,998
Water treated for reuse or safe disposal (m3)	1.3	709,553	675,690	6,336	27,405	122
<b>Waste</b>						
Total amount of solid waste kept away from landfills						
Tonnes	1.4	40,264	2,438	66	37,753	7
Units	1.4	10,862	10,785	-	73	4
Total amount of effluents safely disposed (Litres)	1.5	31,595	5,775	-	25,820	-
<b>Emissions</b>						
Total direct and indirect emissions (Scope 1 & 2) (tCO <sub>2</sub> e)	1.6	82,800	40,609	4,243	37,224	724
Reduction of GHG emissions/ emissions offset (tCO <sub>2</sub> e)	1.6	239,205	3,845	78	235,273	7
Investments in sustainability processes (Rs. Mn)	1.7	90	37	4	39	1
<b>Social Performance</b>						
<b>People and Employees</b>						
Total Employees (No.)	2.1	13,281	3,678	1,810	7,538	255
Female Representation (%)	2.2	39	14	18	58	18
Percentage of female managers in the managerial workforce (%)	2.3	18	15	22	18	20
<b>Training &amp; Development</b>						
Avg. hours per employee (GRI 404-1)	2.4	14	26	4	11	30
Rs. Mn	2.4	18	3	3	10	2
Workplace Injuries (No.)	2.5	340	54	94	192	-
Lost Working Days	2.5	555	63	278	214	-
Entities certified for health and safety (No.)	2.6	38	10	5	22	1
Attrition Rate (%)	2.7	22	39	26	14	19
Average tenure of service (Years)	2.8	9	7	8	10	8
<b>Customers and Society</b>						
Brand stewardship (No.)	2.9	23	7	4	7	5
Funds channelled for community development initiatives (Rs. Mn)	2.10	202.5	1.7	0.4	200.4	-
<b>Governance Performance</b>						
No. of Companies	3.1	121	40	34	29	18
No. of Subsidiaries	3.1	92	36	23	18	15
No. of Joint Venture / Associates	3.1	29	4	11	11	3
Anti-corruption, anti-competitive behaviour and non-compliance with laws and regulations (No.)	3.2	None	None	None	None	None
Total number of grievances filed through formal grievance mechanisms (No.)	3.3	3	2	-	1	-

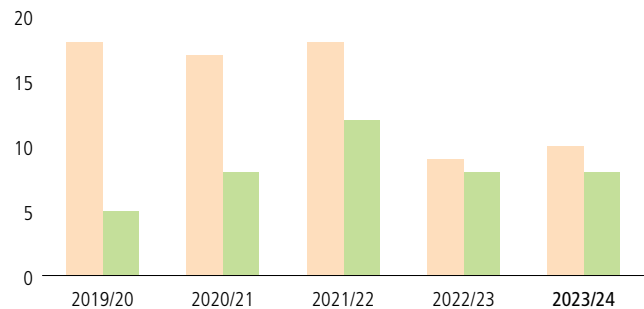
2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
853,924	392,308	51,227	401,927	8,462
9	7	3	23	4
1,256,082	293,572	477	962,033	-
703,154	12,646	477	690,030	-
1,094,598	728,845	53,730	306,404	5,619
651,347	610,206	6,336	34,683	122
33,601	1,494	767	31,331	9
1,704	-	864	764	76
108,094	3,285	48	104,761	-
78,922	37,564	4,360	35,814	1,183
218,156	1,229	94	216,829	4
98	59	2	29	3
13,033	3,349	1,751	7,681	252
41	13	16	60	15
17	16	18	18	19
12	31	8	4	47
42	11	14	15	3
116	30	38	48	-
833	55	373	405	-
35	11	3	20	1
24	39	20	19	19
9	7	8	9	8
21	6	4	7	4
259.8	26.1	1.8	231.6	0.3
115	41	31	27	16
91	37	22	18	14
24	4	9	9	2
None	None	None	None	None
3	2	1	-	-

## Water Consumption

m<sup>3</sup>/ Rs. Mn

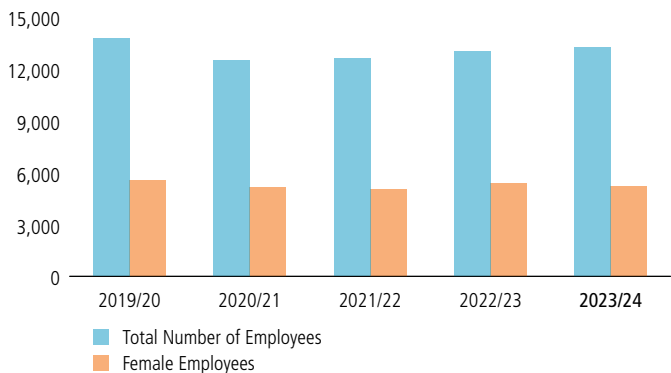
## Energy Consumption

GJ/ Rs. Mn



## Employees and Female Representation

No.



## NOTES TO THE CONSOLIDATED ESG PERFORMANCE

	Unit of measure	Total	2023/2024			
			Tourism	Maritime & Freight Logistics	Strategic Investments	Services

### 1.1 Total Energy Consumption (GRI 302-1, 302-3)

#### Total energy consumption

##### Non-renewable sources

Petrol	GJ	4,898	1,993	517	1,786	602
Diesel	GJ	358,158	298,942	44,960	13,671	585
Furnace Oil	GJ	134,385	-	-	134,385	-
LPG	GJ	22,422	22,144	-	277	-
Kerosene	GJ	2	-	-	2	-
<b>Total energy consumed from non-renewable sources</b>	<b>GJ</b>	<b>519,864</b>	<b>323,079</b>	<b>45,477</b>	<b>150,120</b>	<b>1,187</b>

##### Renewable sources





Biomass/fuel wood	GJ	231,528	14,481	-	217,046	-
Briquettes	GJ	667	-	-	667	-
Hydropower	GJ	877	-	-	877	-
Solar energy	GJ	1,852	1,852	-	-	-
Wind energy	GJ	6,115	6,082	-	33	-
Municipal solid waste	GJ	477	-	-	477	-
<b>Total energy consumed from renewable sources</b>	<b>GJ</b>	<b>241,516</b>	<b>22,415</b>	<b>-</b>	<b>219,101</b>	<b>-</b>
<b>Total indirect energy consumption within the organisation</b>	<b>GJ</b>	<b>133,714</b>	<b>94,029</b>	<b>5,562</b>	<b>30,580</b>	<b>3,544</b>
<b>Total energy consumption within the organisation</b>	<b>GJ</b>	<b>895,094</b>	<b>439,523</b>	<b>51,039</b>	<b>399,801</b>	<b>4,731</b>
Energy consumption per unit revenue (GRI 302-3)	GJ/ Rs. Mn	10	7	6	30	3

### 1.2 Energy Produced

Energy produced from non-renewable sources	GJ	577,767	298,942	-	278,825	-
Energy produced from renewable sources	GJ	775,947	22,415	398	753,134	-
<b>Total energy produced</b>	<b>GJ</b>	<b>1,353,714</b>	<b>321,357</b>	<b>398</b>	<b>1,031,959</b>	<b>-</b>

### 1.3 Water treated for Reuse or Safe Disposal (GRI 303-2,3,5)

Volume of water withdrawn (GRI 303-3)	m3	1,643,568	1,460,264	32,426	143,880	6,998
Water recycled and re-used/ safely disposed (GRI 303 - 3,5)	m3	709,553	675,690	6,336	27,405	122
% of water recycled and re-used/ disposed (GRI 303 - 3,5)	%	43	46	20	19	2
Water sources significantly affected by withdrawal of water (GRI 303 - 2)	No.	None	None	None	None	None
Water withdrawn from areas in water distress (GRI 303 - 5)	m3	None	None	None	None	None

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
				

3,914	1,273	378	1,623	639
344,558	280,926	43,871	17,984	1,777
128,943	-	-	128,943	-
13,226	12,946	-	281	-
1	-	-	1	-
490,642	295,145	44,249	148,832	2,417

174,661	10,480	-	164,181	-
116	-	-	116	-
1,402	-	-	1,402	-
2,166	2,166	-	-	-
361	-	-	361	-
55,985	-	-	55,985	-
234,692	12,646	-	222,046	-
128,589	84,517	6,978	31,049	6,046
853,924	392,308	51,227	401,927	8,462
9	7	3	23	4

552,929	280,926	-	272,003	-
703,154	12,646	477	690,030	-
1,256,082	293,572	477	962,033	-

1,094,598	728,845	53,730	306,404	5,619
651,347	610,206	6,336	34,683	122
60	84	12	11	2
None	None	None	None	None
None	None	None	None	None

A substantial proportion of our environmental impact is attributed to our energy consumption from fossil fuels, resulting in emissions and the depletion of non-renewable resources. Therefore, it is imperative to monitor the sources of energy used by each business sector through the diverse management systems maintained across the Group. This enables us to formulate strategies effectively to control our impacts and plan the transition to renewable energy sources.

**Note:**

The data for the 2022-2023 period has been revised and restated to reflect updates in emission factors and realignment of boundaries in accordance with the GHG Protocol guidelines.





As a private power producer dedicated to supporting Sri Lanka's developmental objectives, Aitken Spence has made considerable progress in the Group's renewable energy targets, harnessing hydro, wind, solar, and municipal solid waste. This not only promotes cleaner energy but also contributes to maintaining the ecological health of wetlands in the Colombo district. Key sectors like plantations are steadily transitioning to renewable sources, reducing dependence on fossil fuels where possible. Despite regulatory challenges that impede direct consumption of renewable energy, Aitken Spence remains steadfast in our commitment to enhance sustainable energy practices.

**Note:**

The data for the 2022-2023 period has been revised and restated to reflect updates in emission factors and realignment of boundaries in accordance with the GHG Protocol guidelines.

The Group also identifies water usage as a material topic due to the potential to have adverse impacts, particularly within our Tourism and Strategic Investments Sectors. To address this, all wastewater produced in these Sectors undergoes treatment for either reuse or safe disposal. Maintaining our efforts to ensure zero adverse impact on water bodies from our operations due to the withdrawal or disposal of water remains a priority. Towards this, monitoring our water usage is essential to identify opportunities to optimise the utilisation of water throughout our operations.



	Unit of measure	Total	2023/2024			
			Tourism	Maritime & Freight Logistics	Strategic Investments	Services
						

#### 1.4 Total amount of Solid Waste kept away from Landfills (GRI 306 - 1,3,4,5)

Solid waste - hazardous	Tonnes	6,672	11	5	6,656	-
	Units	866	789	-	73	4
Solid waste - non-hazardous	Tonnes	33,592	2,427	61	31,097	7
	Units	9,996	9,996	-	-	-
Total amount of waste converted to renewable energy	Tonnes	220,616	N/A	N/A	220,616	N/A

#### 1.5 Total amount of Effluents Safely Disposed (GRI 306 - 1,3,4,5)





Waste oil, ETP/ STP sludge - hazardous	Litres	19,800	-	-	19,800	-
Waste oil, ETP/ STP sludge - non-hazardous	Litres	11,795	5,775	-	6,020	-
Total number and volume of significant spills	Litres	None	None	None	None	None

#### 1.6 Total Direct and Indirect Emissions (GRI 305-1,2,5)

Scope 1 emissions (GRI 305 - 1)	tCO <sub>2</sub> e	62,001	25,646	3,425	32,727	203
Scope 2 emissions (GRI 305 - 2)	tCO <sub>2</sub> e	20,799	14,963	818	4,497	521
<b>Total direct and indirect emissions (Scope 1 &amp; 2)</b>	tCO <sub>2</sub> e	<b>82,800</b>	<b>40,609</b>	<b>4,243</b>	<b>37,224</b>	<b>724</b>
Reduction of GHG emissions/ emissions offset (GRI 305 - 5)	tCO <sub>2</sub> e	239,205	3,845	78	235,273	7

#### 1.7 Investments in Sustainability Processes

Investments in sustainability processes at Sector level	Rs. Mn	82	37	4	39	1
Investments in sustainability processes at Group level	Rs. Mn	8	N/A	N/A	N/A	N/A
Total in sustainability processes at Group level	Rs. Mn	90	37	4	39	1

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
				
3,519	50	4	3,466	0.1
464	-	373	15	76.0
30,081	1,444	763	27,866	9
1,240	-	491	749	-
194,172	N/A	N/A	194,172	N/A

Waste generation is a material topic for the Group, given the potential impacts it entails. To manage waste effectively, the company employs the 7Rs framework (Reject, Reduce, Reuse, Reclaim, Repair, Replace, Recycle) across our operations. This structured approach ensures the responsible handling of waste resources. Specific guidelines are enforced to uphold these standards, ensuring that all waste is managed in an environmentally responsible manner throughout the Group with the objectives to ensure zero waste to landfills and that our operations have no negative impact on the ecosystem.

92,400	-	-	92,400	-
15,694	3,285	48	12,361	-
None	None	None	None	None

Ensuring zero adverse impacts on natural ecosystems and water bodies from operational effluents is crucial for the Group, particularly within the Tourism and Strategic Investments sectors due to the nature and scale of the industries we operate in. To address this imperative, the Group maintains management systems that include controlling the input materials, adoption of advanced wastewater treatment protocols, and ensuring the responsible management of effluents through safe disposal or efficient recycling for reuse.

58,507	23,630	3,334	31,248	294
20,415	13,934	1,026	4,566	889
78,922	37,564	4,360	35,814	1,183
218,156	1,229	94	216,829	4





Aitken Spence Group adopts a science-based approach to identify and control emissions across our operations: Our most significant emissions stem from energy consumption, with stationary and mobile combustion in Scope 1 being the highest, followed by Scope 2 emissions from purchased energy, and Scope 3 emissions from employee commuting and within the supply chain (ISO category 3 emissions) respectively. Therefore, we integrate energy management with specific emission reduction strategies, prioritising energy and resource efficiency while investing in renewable energy solutions. Additionally, our commitment extends to reducing fossil fuel usage through efficiency enhancements or electrification initiatives. With increased operations, the energy consumption increased resulting in an increase in the emissions.

**Note:**

The data for the 2022-2023 period has been revised and restated to reflect updates in emission factors and realignment of boundaries in accordance with the GHG Protocol guidelines. Please refer to the Natural Capital section of this report to peruse details of the estimations and assumptions made as well as details of the emission factors used in these calculations.

94	59	2	29	3
4	N/A	N/A	N/A	N/A
98	59	2	29	3

The Group's commitment towards investment in developing its sustainability processes include investments to enhance the Group's capacity of renewable energy, and resource utilisation efficiency while developing the infrastructure for greater resilience and sustainability. These expenditures also cover management systems for impact control, audit expenses, licensing and permitting fees, and subscriptions to global benchmarks for sustainability.

Unit of measure	Total	2023/2024			
		Tourism	Maritime & Freight Logistics	Strategic Investments	Services
					

### 2.1 Total Employees (GRI 401-1)

Total number of employees	No.	13,281	3,678	1,810	7,538	255
Permanent employees	No.	9,905	1,472	915	7,312	206
Contract employees	No.	3,376	2,206	895	226	49

### 2.2 Employee Classification based on Gender

Male employees	No.	8,044	3,161	1,476	3,198	209
Female employees	No.	5,237	517	334	4,340	46
Female representation	%	39	14	18	58	18

### 2.3 Percentage of Female Managers in the Managerial Workforce





Male managers in the managerial workforce	No.	503	223	135	121	24
Female managers in the managerial workforce	No.	109	40	37	26	6
Percentage of female managers in the managerial workforce	%	18	15	22	18	20

### 2.4 Employee Training and Development (GRI 404-1)

Training hours per employee	Hours	14	26	4	11	30
Investment in training	Rs. Mn	18	3	3	10	2

### 2.5 Workplace Injuries & Lost Working Days

Workplace injuries	No.	340	54	94	192	-
Lost Working days	No.	555	63	278	214	-

2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
				
13,033	3,349	1,751	7,681	252
9,926	1,324	885	7,503	214
3,107	2,025	866	178	38

The total number of employees increased during this financial year, mainly due to the increase in employees in Tourism sector which is a reflection of the recovery in the tourism industry in Sri Lanka. The employee strength in the Strategic Investments sector declined due to the lower demand experienced by the apparel segment.

7,635	2,903	1,466	3,053	213
5,398	446	285	4,628	39
41	13	16	60	15

The female representation in the Group declined by 2% this year, primarily due to the lower employee numbers in the Apparel segment which was hampered by industry decline due to the global recession impacting demand from the US and European markets.

463	205	127	110	21
96	39	28	24	5
17	16	18	18	19

The percentage of female managers in the managerial workforce has increased by 1% this year. The Group focused its DE&I agenda on Spence Women @ Work from 2022-2024. Therefore, the Maritime & Freight Logistics (MFL) sector in particular has made a conscious effort to enhance fair female representation in the managerial workforce in traditionally male dominated industry.

12	31	8	4	47
42	11	14	15	3

The Group's average training & development hours per employee increased by 2 hours due to on-the-job training conducted in the Plantation segment within the Strategic Investment sector. During the last financial year, there was a comprehensive 4-month course for 2 large batches of technicians in the Elevators segment. As the majority of the relevant staff were covered in 2022/23, the programme was significantly scaled down this year leading to a decrease of average training & development hours per employee in the Services sector.

**Note:**

During the previous year, substantial Training & Development investments were made on residential workshops with external resource personnel for senior management teams. The next session of senior management team training is planned for the following year. This year, the focus of Aitken Spence School of Management, the Group's L&D arm, was mainly on internal training targeting other employment categories.

116	30	38	48	-
833	55	373	405	-

Ensuring the health and safety of our employees and stakeholders remains a fundamental aspect of our HR and sustainability strategies. To achieve this, we have implemented standard procedures across our business segments, utilising the Hazard Identification, Risk Assessment, and Control model (HIRAC). These procedures are structured around the Must Do, Should Do, and Can Do framework of our sustainability strategy, ensuring essential actions are taken across the Group as standard procedures while more stringent action is implement in business segments with higher safety concerns inherent to their industries.

Unit of measure	Total	2023/2024			
		Tourism	Maritime & Freight Logistics	Strategic Investments	Services

## 2.6 Entities Certified for Health and Safety

Entities certified for health and safety	No.	38	10	5	22	1
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## 2.7 Attrition Rate

Attrition rate	%	22	39	26	14	19
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## 2.8 Average Tenure of Service

Average tenure of service	Years	9	7	8	10	8
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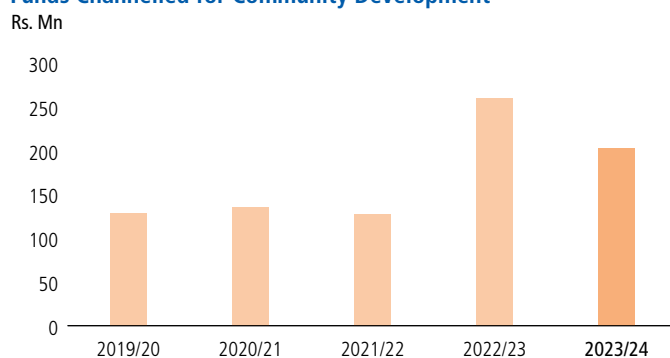
## 2.9 Brand Stewardship

Brand stewardships	No.	23	7	4	7	5
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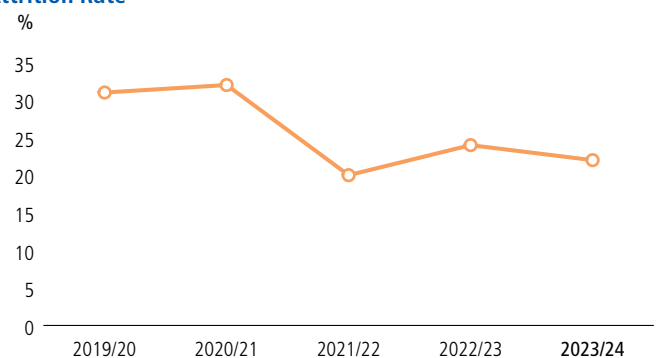
## 2.10 Funds Channelled for Community Development Initiatives

Funds channelled for community development initiatives	Rs. Mn	202.5	1.7	0.4	200.4	-
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### Funds Channelled for Community Development



### Attrition Rate





2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
				
35	11	3	20	1

The Group's companies implement standard operating procedures (SOPs) and management systems across all business segments to uphold occupational health and safety, adhering to the tiered Must Do, Should Do, and Can Do approach embedded in our sustainability strategy. Business segments with elevated occupational health and safety priorities 'can' seek certification for their management systems either as stand-alone OHS management systems or as part of an integrated management system to reinforce stringent control measures

24	39	20	19	19
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The Group's attrition rate has decreased by 2%, mainly due to numerous focused initiatives to enhance the employee experience, resulting in a high Employee Satisfaction Score of 74%. Job security was also ensured by the Group amidst economic turmoil. Additionally, the lower demand for employment opportunities in industries such as apparel and plantations led to a decrease of staff leaving the related segments within the Strategic Investments sector.

9	7	8	9	8
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The average tenure of service remained the same as the previous year. For more details on the Spensonian experience, please refer the Human Capital report.

21	6	4	7	4
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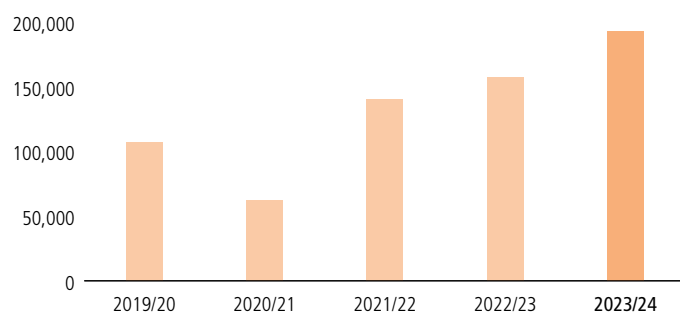
Our brands portfolio has expanded with the new strategic partnerships that have been formed with overseas markets. More details can be found in the Intellectual Capital - Brands section of the annual report.





259.8	26.1	1.8	231.6	0.3
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The Group is committed to fostering sustainable value for local communities through targeted strategic interventions, such as local purchasing, employment from local communities and taking economic development opportunities to rural communities. We define 'local' as the immediate communities within a 35-45 km radius of our operations situated beyond urban, developed cities, or the local communities of our international operations. Beyond these systemic efforts to deliver sustainable value, our operations proactively provide additional support in areas requiring development interventions. This approach directs funds towards critical community development initiatives.

### Training Hours

Hours



	Unit of measure	Total	2023/2024			
			Tourism	Maritime & Freight Logistics	Strategic Investments	Services
						

### 3.1 No. of Companies





No. of Companies	No.	121	40	34	29	18
Sri Lanka	No.	95	27	25	28	15
Overseas	No.	26	13	9	1	3
No. of Subsidiaries	No.	92	36	23	18	15
No. of Associates & Joint Ventures	No.	29	4	11	11	3

### 3.2 Anti-corruption, anti-competitive behaviour and non-compliance with laws and regulations (GRI 205; GRI 206)

Total number and nature of confirmed incidents of corruption and action taken	No.	None	None	None	None	None
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No.	None	None	None	None	None
Total number of incidents of discrimination and corrective action taken	No.	None	None	None	None	None
Incidents of violations involving rights of indigenous peoples	No.	None	None	None	None	None
Incidents of non-compliance concerning the health and safety impacts of products and services	No.	None	None	None	None	None
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labelling	No.	None	None	None	None	None
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications	No.	None	None	None	None	None
Total number of substantiated complaints received concerning breaches of customer privacy	No.	None	None	None	None	None
Non-compliance with laws and regulations or reported incidents of financial and in-kind political contributions	No.	None	None	None	None	None

### 3.3 Grievances filed through Formal Grievance Mechanisms

Total number of grievances filed through formal grievance mechanisms	No.	3	2	-	1	-
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2022/2023				
Total	Tourism	Maritime & Freight Logistics	Strategic Investments	Services
				
115	41	31	27	16
92	28	24	26	14
23	13	7	1	2
91	37	22	18	14
24	4	9	9	2

In comparing the total number of companies of Aitken Spence Group between the financial years 2022/2023 and 2023/2024, there has been an increase by 7 entities. This growth includes 3 companies in the Maritime and Freight Logistics Sector, 2 each in the Services and Strategic Investment Sectors. While there was an increase in the number of Companies, 2 entities from the Tourism Sector were amalgamated and formed as one entity thus reducing the total number of entities in the Tourism Sector by 1. Nonetheless, this notable net increase signifies the Company's proactive stance towards exploring new ventures and expanding its footprint both in Sri Lanka and international markets. It underscores a strategic expansion effort, reflecting the Company's ambition to seize opportunities and navigate dynamic market landscapes effectively.

None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None
None	None	None	None	None

Introduced in 2022/23, the Group's Anti-Bribery and Anti-Corruption Policy articulates key principles aimed at eradicating bribery and corruption. With an unwavering commitment, the Group stands firm against all forms of bribery and corruption, recognising them as significant threats to its integrity and reputation.

**Note:**

Incidents are reported based on their significance, in accordance with the GRI Standard.

3	2	1	-	-
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As signatories to the UN Global Compact (UNGC), aligned with the "Respect and Remedy" pillars of the United Nations Guiding Principles on Business and Human Rights, Aitken Spence is committed to ensuring that all employees are aware of their rights and have equal access to remedial mechanisms in case of any violations of rights. Our Human Resource partners serve as the focal points in this process and ensure that our employees can access our grievance handling procedures, which are designed to ensure fairness and confidentiality. Additionally, our open-door policy permits employees to escalate issues directly to the Managing Directors, ensuring resolution.

## OUR ENVIRONMENTAL AND SOCIOECONOMIC IMPACT

The socioeconomic impact of the Group is significant due to the scale and diversity of our operations. A pioneer and a catalyst for progress, we continue to seek opportunities for growth to support transitioning and transformation of economies we operate in.



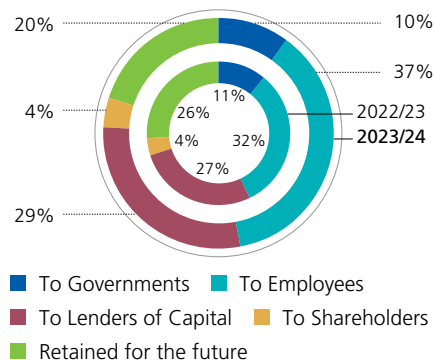
### VALUE CREATION & DISTRIBUTION (GRI 201-1, 415-1)

	GROUP	
	2023/24 Rs. Mn	2022/23 Rs. Mn
Total revenue	97,486	98,104
Purchase of goods and services	(58,786)	(58,055)
	38,700	40,049
Other operating income	(2,307)	2,022
Interest income	2,909	2,884
Share of profits of equity-accounted investees before tax	1,753	1,979
<b>Total value added by the Group</b>	<b>41,055</b>	<b>46,934</b>

#### Distributed as follows

To governments	4,160	4,978
To employees	15,264	15,133
To lenders of capital	11,847	12,827
To shareholders	1,624	1,624
Retained for the future	8,160	12,372
	41,055	46,934

#### Distribution of Group Value Added



Aitken Spence contributed positively to the economy, generating a value of Rs. 41.1 Bn for the year. However, due to factors such as lower exchange rates, drop in freight rates and demand for apparel, the value created declined over the previous year.

The value distributed to employees remained at a similar level as last year mainly due to the lower conversion rate of employee benefits incurred overseas. However, owing to the drop in the value created during the year, the percentage share to employees increased to 37% from 32% last year.

Payments to capital lenders amounted to Rs. 11.8 Bn, representing 29% of the total value created. Payments to governments accounted for 10% of the total value created a decrease from the previous year due to the Group's lower profitability during the year. The equity shareholders were allocated 4% of the total value created, while the Group retained 20% for the future.

### PROPELLING ECONOMIC GROWTH (GRI 2-2)

The Group continues to invest in growth sectors and incurred Rs. 5.5 billion during the year on new investments. These projects leverage our expertise and broaden our presence in the value chain, building resilience of the Group. Key projects that the Group invested on this year are given below.

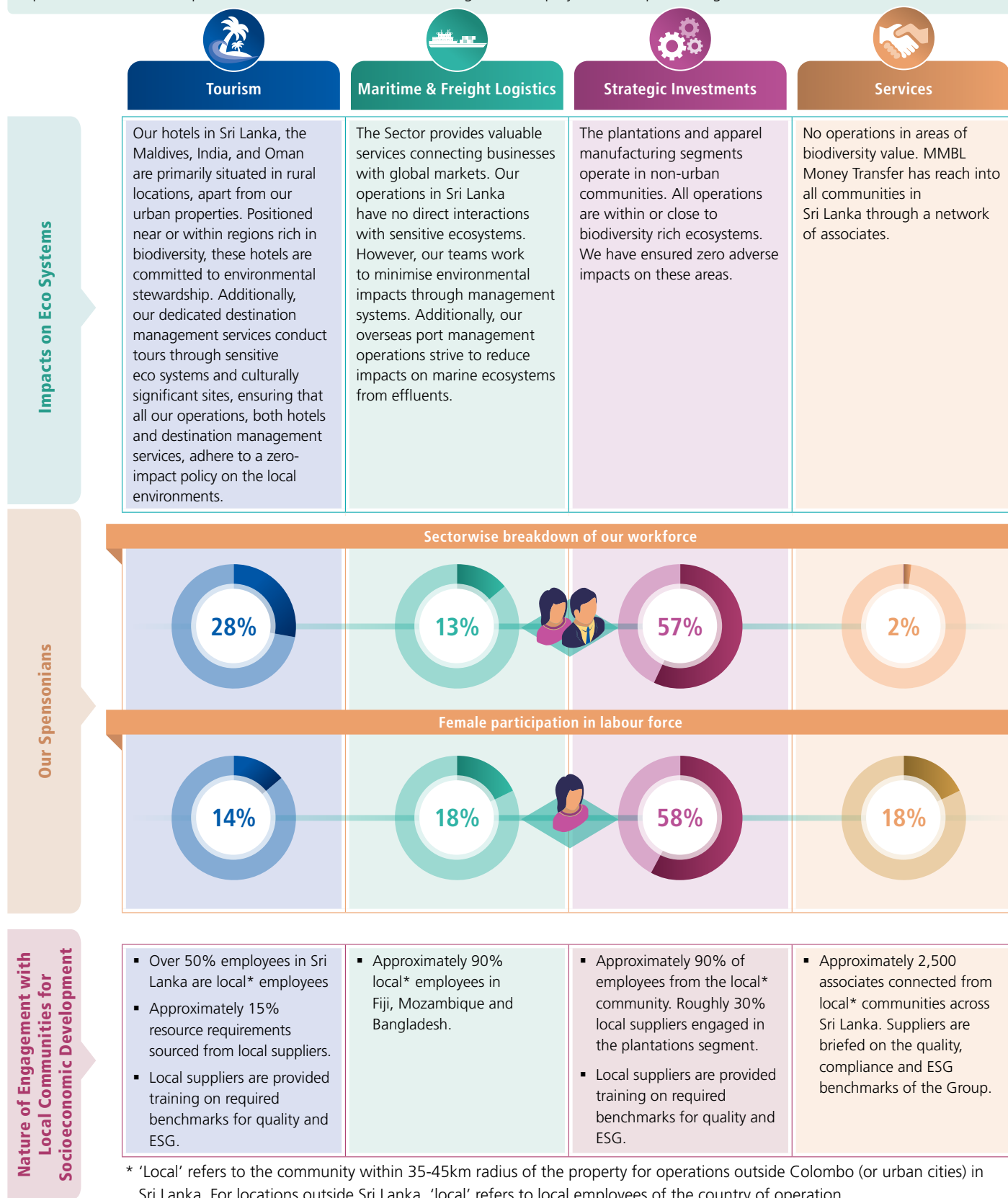
#### Key Projects

- Construction of a 100,000 sq. ft. state of the art warehouse
- Acquisition of two apparel manufacturing facilities
- Setting up overseas operations in Mozambique, Singapore and the UAE



## DIRECT AND INDIRECT ENVIRONMENTAL AND SOCIOECONOMIC IMPACTS

At Aitken Spence, we are mindful of our significant environmental and socioeconomic impacts and value creation. Our biggest environmental impacts arise from energy consumption, emissions, water consumption as well as solid waste generation, particularly in sectors like power generation and hospitality. Primarily operating in communities outside urban areas, our activities in our key segments of operation also have the potential for social value creation through local employment and purchasing.



### FACILITATING FOREIGN EXCHANGE INFLOWS

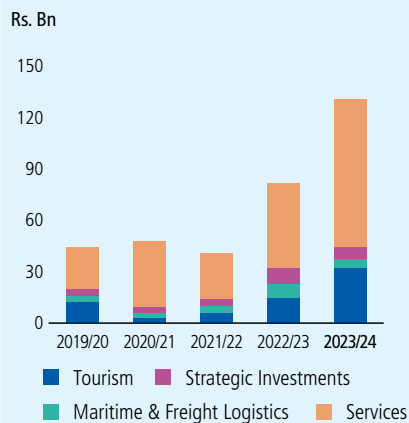
Aitken Spence plays a pivotal role in the facilitation of foreign currency to the country. An increase in the facilitation of foreign currency inflows was recorded this year driven by the Tourism and Services Sectors.

The Services Sector was responsible for 66% of the total facilitation while the Tourism sector contributed 25%. Increase in tourism in Sri Lanka enabled the 120% increase from the Tourism Sector while the 73% increase from the Services Sector was due to the inward money transfer business processing over 60% more inward remittance transactions during the year.

The Maritime & Freight Logistics sector saw a decrease of 34% primarily due to a significant drop in freight rates while the Strategic Investments Sector's downturn was largely attributable to reduced demand for apparel from the US and Europe.

**Rs. 131.0 Bn**

Facilitation of Foreign Currency Inflows

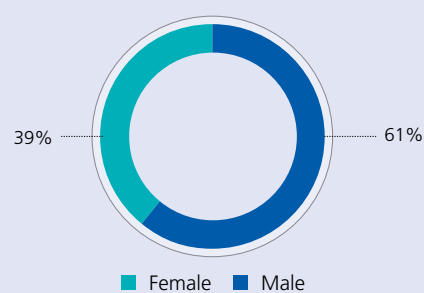


### GENDER DIVERSITY

At Aitken Spence, our commitment to socio-economic development extends beyond creating direct employment opportunities across our operations in 12 countries. We take pride in empowering individuals, particularly women, by providing them with the means to achieve financial independence and influence within their communities. At Aitken Spence, we are more than a business; we are a force for positive change, building resilient and equitable communities while contributing to the prosperity of countries in which we operate.

**5,237**

Female Employees

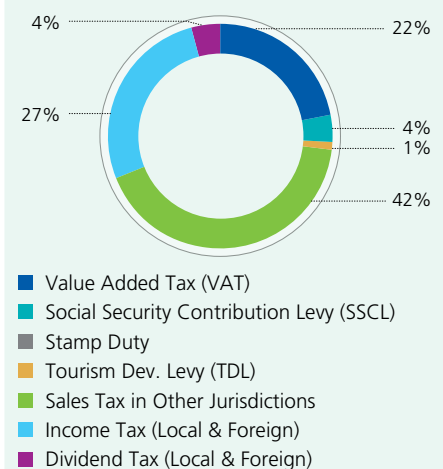


### OUR COMMITMENT THROUGH TAXES

Indirect and direct taxes serve as pivotal elements in the revenue generation of a nation, facilitating the government's execution of development policies that promote macroeconomic growth and stability. The Aitken Spence Group, as a responsible corporate entity, is committed to strict compliance with all statutory provisions and payments. In the financial year of 2023/2024, the Group made a substantial contribution of Rs. 12.2 billion in indirect and direct taxes to the governments of the countries in which it operates. This represents a significant increase of 31% from the total taxes remitted in the preceding year, underscoring the Group's commitment to its fiscal responsibilities.

**Rs. 12.2 Bn**

Direct and Indirect Taxes Paid





## AWARDS AND ACCOLADES FINANCIAL YEAR 2023 – 2024

Aitken Spence PLC and its group companies strive towards achieving excellence in all our activities, to establish high growth businesses in Sri Lanka and across new frontiers and to become a globally competitive market leader in the region. In that effort, recognition we receive in our journey is an encouragement and testament to the success of our management approach.



### RECOGNITION RECEIVED AT GROUP LEVEL

- + Aitken Spence PLC was the 1st runner up at the Best Corporate Citizen Sustainability Award 2023 organised by the Ceylon Chamber of Commerce. Recognition received at this programme includes the following.
  - + Total awards won – 7
    - Overall 1st Runner Up
    - Winner – Best Presentation
    - Winner – Diversified Holdings sector award
    - Winner – Supplier Relations category award
    - Top Ten Corporate Citizens award
    - Planning and Adoption in Resilient Practices award – 2nd Runner Up
    - Consistent Commitment and Continuous Improvement – Community Relations certificate award
  - + Only corporate in Sri Lanka to have been consistently ranked among the Top 10 Corporate Citizens for 18 consecutive years
  - + Ranked among the top three Best Corporate Citizens of Sri Lanka for 9 years



Runner-Up in the 'Conglomerates & Diversified' category at the

- + Association of Chartered Certified Accountants (ACCA) Sustainability Reporting Awards 2023

Bronze Award in the Diversified Sector at the TAGS Awards 2023 organised by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka)

- +

Recognised as one of the 'Significant Transparent' companies by Transparency International Sri Lanka

- +

Top 3 companies for 'Most Awarded' under the Diversified category by LMD

- +

Recognised among the Top 10 Most Admired Companies of Sri Lanka organised by AICPA & CIMA and ICCSL (International Chamber of Commerce Sri Lanka).

- +

## OUR HISTORY

1868



In the southern port city of Galle, Thomas Clark and Patrick Gordon Spence ventured into a partnership as merchants and commission agents under the name of "Clark & Spence".

1873

Name of the partnership in Colombo was changed as Aitken Spence & Company, after the two brothers Edward and S.R. Aitken joins Thomas Clark and Patrick Gordon Spence.

1876

LLOYD'S

Lloyds of London appointed Aitken Spence & Co., as the agents for Ceylon - a position which the Company holds to this date.

1952

The last Chairman of the founding families, P.W.G Spence Retires in 1952. The company is further strengthened and registered as a Private Limited Liability Company.

1974



The first resort hotel of Aitken Spence, Neptune Hotel was designed by the renowned architect Geoffrey Bawa. Neptune now is re-branded as Heritance Ayurveda.

1977



The Company which is an IATA agent moved into inbound and outbound travel, and Aitken Spence Travels Ltd was incorporated.

1981



Commenced operations of Triton Hotel. The first beach resort, in Ahungalla, later to be rebranded as "Heritance Ahungalla".

1983



The Company shares were quoted for the first time in the Colombo Stock exchange with an issued share capital of Rs. 51 million.

1985



Printing business which was successfully carried out as a division of Aitken Spence & Co. was separated and Aitken Spence Printing (Pvt) Ltd was incorporated.

Ace Containers (Pvt) Ltd, was incorporated, taking over the inland container terminal at Mattakkuliya.

1993



Entrance into the Maldivian tourism sector with the acquisition of Bathala Island resort in Maldives establishes Aitken Spence as the pioneer in this field.

1994



Commenced commercial operations of Heritance Kandalama, the world's first LEED certified hotel, and becomes the first Asian hotel to receive the prestigious Green Globe 21 certification.

1996



The first theme hotel in Sri Lanka 'The Tea Factory' commences operations. The hotel is awarded the Building Conservation award by the Royal Institute of Chartered Surveyors London.

2002



Welcoming the Government's decision to invite the private sector for generation of power, the Group's first 20 MW thermal power plant was completed in Matara.

The Group strategically enhanced its portfolio by acquiring two significant apparel manufacturing facilities in the Koggala Export Processing Zone, substantially strengthening its Apparel segment. In parallel, it advanced its Logistics segment with the strategic establishment of a new 100,000 sq. ft. Container Freight Station in Mabile, Wattala, optimising its operational footprint and logistics capabilities.

2023



2022



Amidst one of the most challenging years in Sri Lankan history, the group persevered with its commitment to renewable power generation by investing Rs. 1.4 Bn in a ground mounted solar power project in Hambantota. Furthermore, Aitken Spence & Singapore Airlines celebrated their 50-year partnership as the longest-standing GSA for Singapore Airlines globally.

2020 witnessed one of the worst pandemics of modern history, COVID-19. The Group overcame unprecedented challenges to start operations of the first waste to energy power plant in the country. Tourism Sector kept afloat while the other sector performance stood as a testimony to the Groups' diversification strategy.

2020



2021

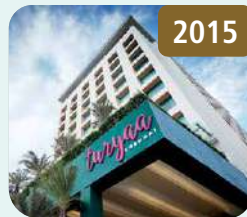


Demonstrating the Group's commitment to its sustainability strategy, the company acquired three hydro power projects with a generating capacity of 6.6 MWh at a cost of Rs 900 Mn.

2018-19

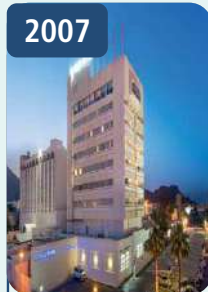
Commenced construction of Heritance Aarah, the first Heritance property, and the first LEED certified building, in the Maldives. Commenced construction of the first ever waste to energy power project in the country with a capacity of 10 MW of energy to the national grid.

2015



Launched the 140 room Turyaa Chennai as the first property owned in India by the Aitken Spence Group.

2007



Aitken Spence obtained the management of four hotel properties in Oman, becoming the first Sri Lankan hospitality company to enter the Middle East. During that same year the Group becomes the first Sri Lankan company to venture into 'Port Efficiency Management' outside Sri Lanka.

2012



Aitken Spence Printing relocated to a state of the art printing facility which is the first LEED certified printing facility in Sri Lanka.

2008



The Group opened 'Adaaran Prestige Vadoo' the fifth luxury villa in close proximity to the Male atoll.

Aitken Spence Corporate office is relocated to Aitken Spence Tower II with the completion of the construction of an aesthetic office complex.

2013



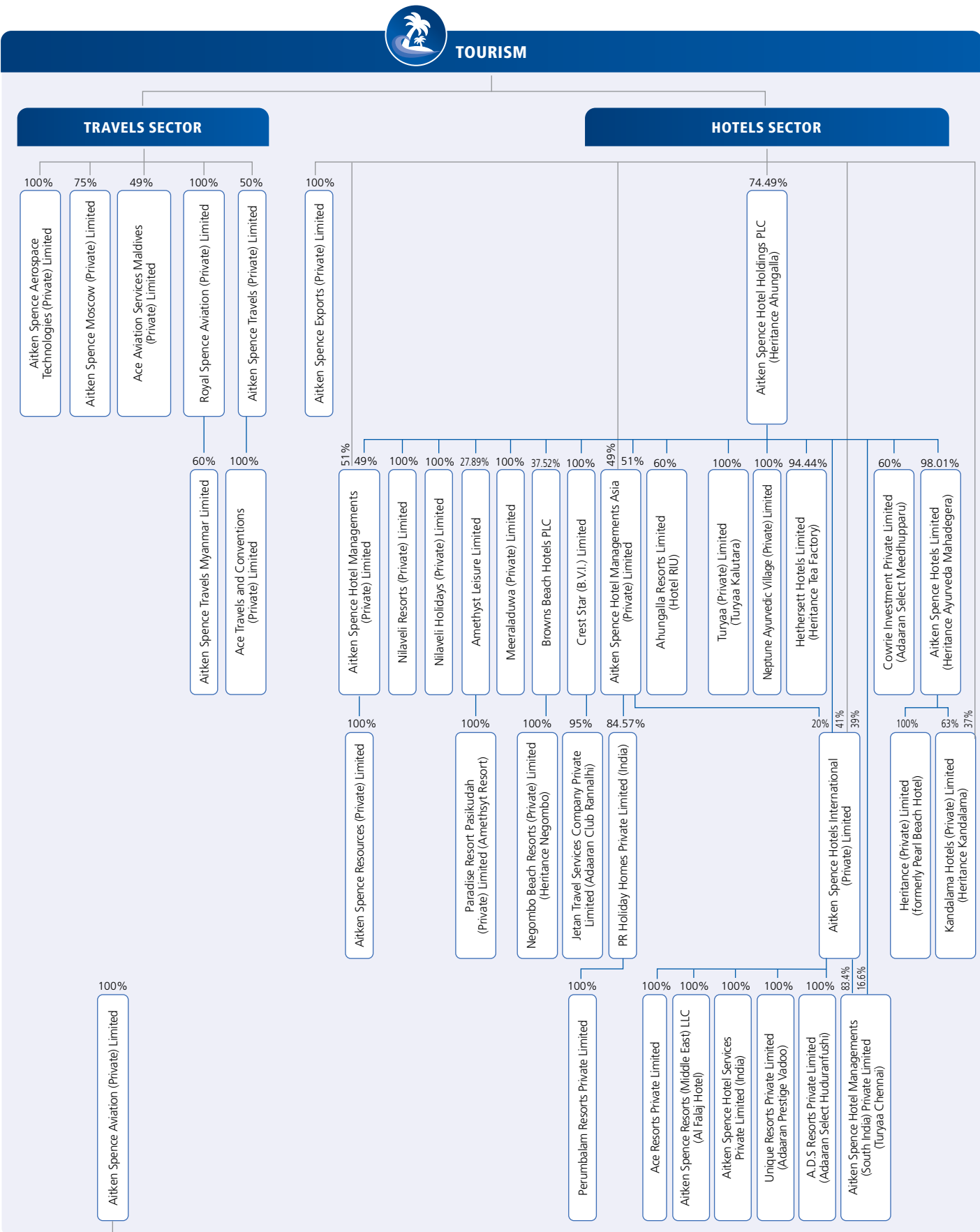
Aitken Spence Maritime sector expanded its global presence by venturing in to port management business in the Fiji Islands. Becomes the first international port management company to operate in the Fiji Islands.

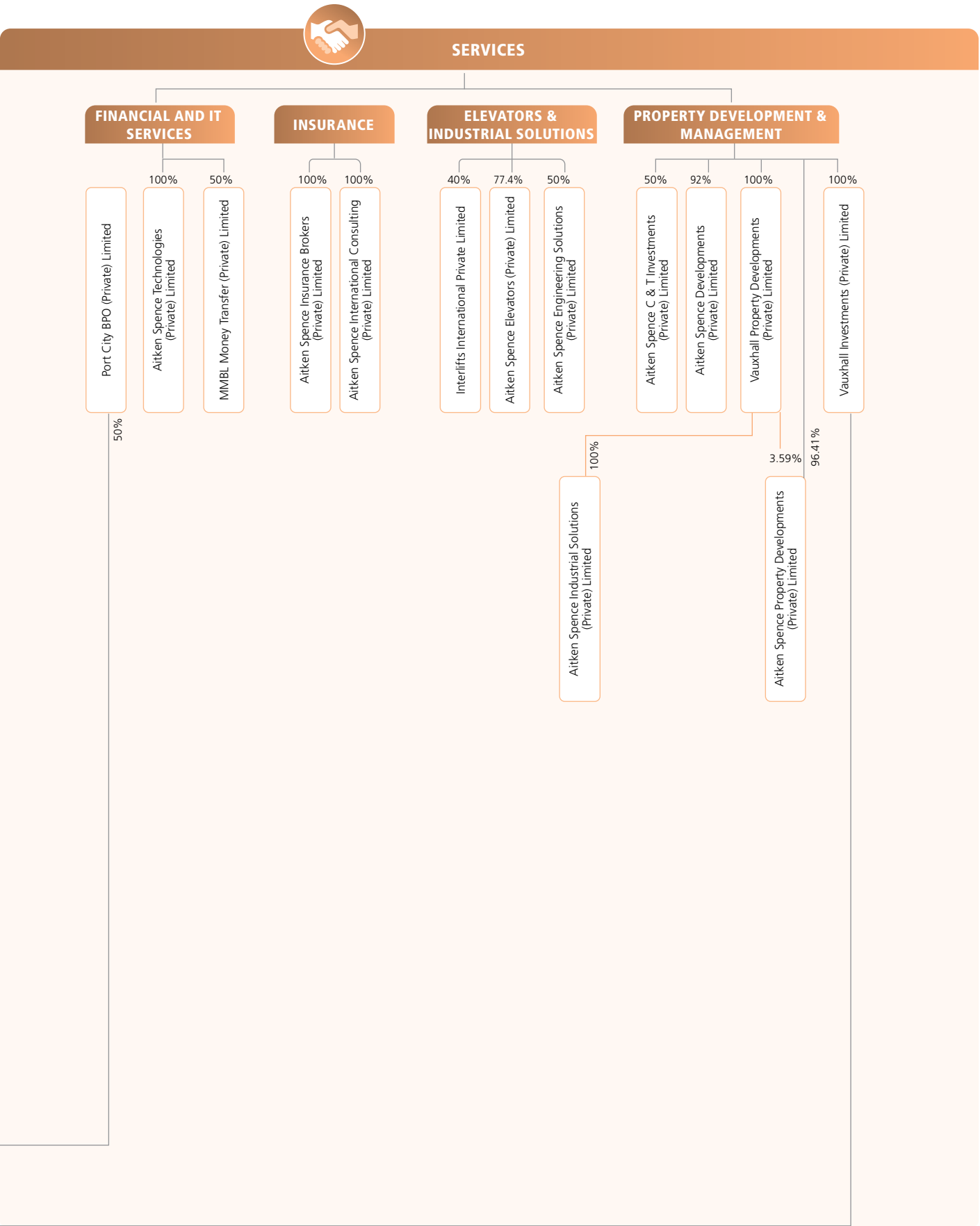
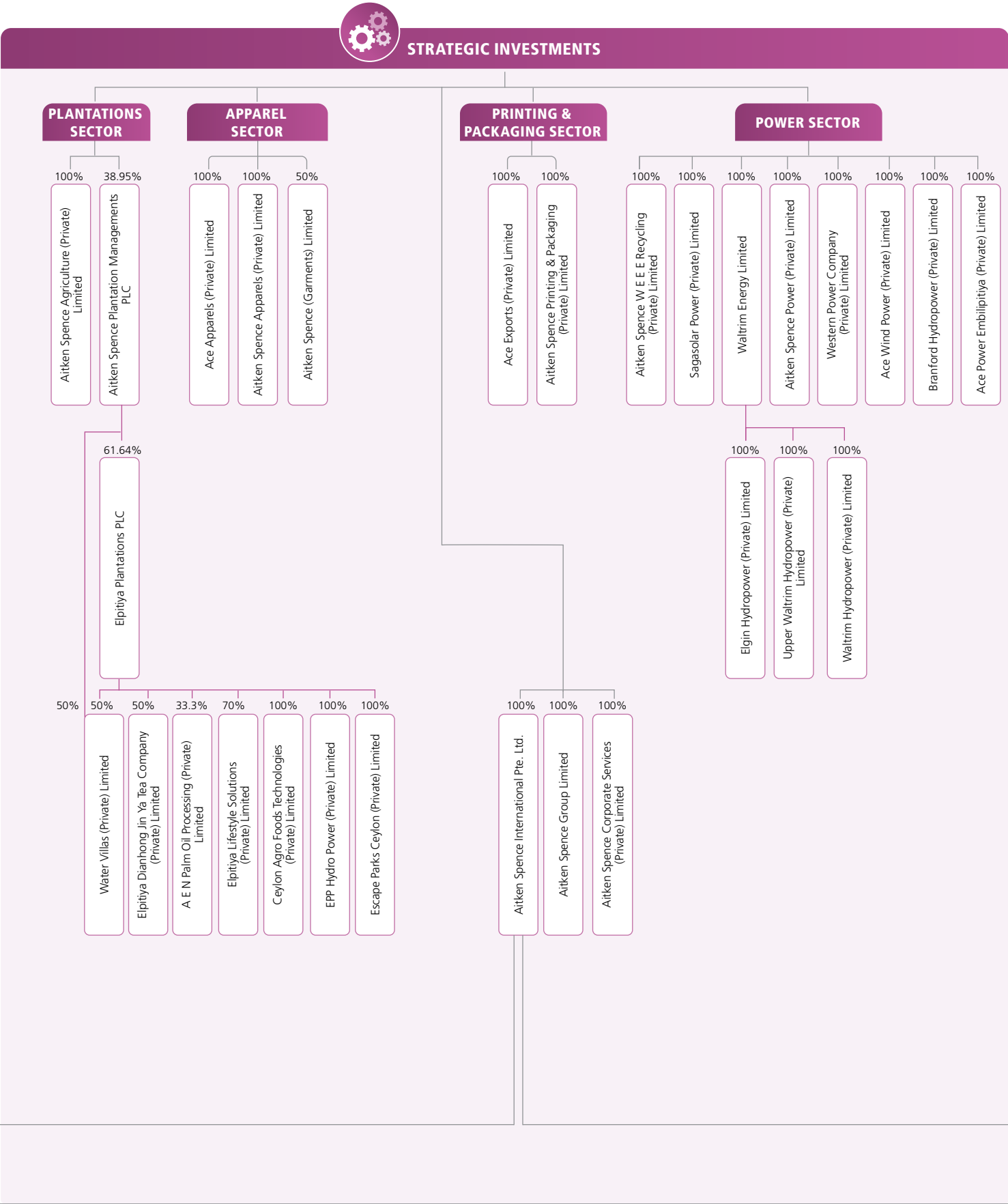
Aitken Spence



AITKEN SPENCE GROUP STRUCTURE

(GRI 2-2)





## OUR YEAR AT A GLANCE

June



Aitken Spence Logistics, Hapag-Lloyd Lanka and Aitken Spence Cargo won awards at the Chartered Institute of Logistics & Transport, Sri Lanka (CILT) Awards.



August



Aitken Spence Group expanded the biodiversity forest at Heritance Kandalama, adding 13 acres to the existing 198 acres for a total of 211 acres, with an investment of Rs. 48 Mn. This expansion highlights their dedication to sustainable tourism and conservation in Sri Lanka.



Aitken Spence among the Top 10 Most Respected Entities by LMD.

2023



Heritance Hotels & Resorts excelled at the Culinary Art Competition in Sri Lanka, with its properties in Ahungalla and Kandalama winning titles for Most Outstanding Regional Teams.



Aitken Spence Apparels acquired two apparel manufacturing plants in the Koggala Export Processing Zone.

July

September



Aitken Spence recognised among the Top 10 Most Admired Companies of Sri Lanka organised by AICPA & CIMA and ICCSL (International Chamber of Commerce Sri Lanka).



Singapore Airlines Colombo Airport Team crowned one of the winners at the CEO Service Excellence Awards 2023.

# AITKEN SPENCE GROUP STRUCTURE

Take an in-depth look at the architecture of Aitken Spence PLC's group structure, illustrating how each business unit plays a pivotal role in our collective success. It tells an over 155 years tale of entrepreneurship, the will to persevere, and the capacity to take calculated risks.

The Structure has evolved over time to leverage on the opportunities of each era and the synergies of our diverse businesses. Today, each business independently pursues excellence within its own domain while contributing to the overall performance and stability of Aitken Spence PLC.

This structure thus facilitates targeted strategy implementation, operational excellence, and risk management, enabling us to navigate the complexities of the global marketplace while ensuring sustainable growth and value creation for our stakeholders.



October

Aitken Spence Travels won two prestigious awards at the South Asian Travel Awards (SATA) 2023: Leading Travel Agent – Inbound and Leading Cruising Travel Agent.



December



Aitken Spence Printing clinched multiple awards at the Lanka Star 2023 awards.



Aitken Spence Travels welcomed the first Bulgarian flight for the Winter season, bringing over 200 tourists on Bulgaria Air to Mattala Rajapaksa International Airport.



Aitken Spence won the Best Corporate Citizen Sustainability Awards for Diversified and Best Presentation among other awards.

2024

November



Aitken Spence Travels welcomed three cruise ships (Vasco Da Gama, Mein Schiff 5, and MS Seven Seas Navigator) and around 4,000 passengers in a single day to the port of Colombo.

February



Annual Report of Aitken Spence PLC was recognised at ACCA Sustainability Reporting and TAGS Annual Report awards.



March



Aitken Spence Logistics completed a new 100,000 sq. ft. Container Freight Station in Mabile, Wattala, strategically positioned near Colombo Port and Bandaranaike International Airport.

## OPERATING ENVIRONMENT

The year under review saw Sri Lanka slowly but steadily recovering from the challenging economic crisis that had plagued the nation in recent years, thereby significantly improving the environment for business operations. However, despite these positive developments, global challenges such as increasing geopolitical tensions, sluggish growth, and contracting demand in key markets continued to impact operations, influencing demand and supply dynamics across various business segments.



The PESTEL framework offers an overview of the external macro-environmental factors that influenced the Group's operations.

### POLITICAL



The political climate in the country saw a stabilisation in 2023, in comparison to the instability experienced in 2022. In March 2023, the IMF sanctioned an Extended Fund Facility of US\$2.9 billion, aimed at implementing ambitious fiscal consolidation and governance reforms. Reviews in December 2023 and March 2024 had further indicated that the country maintained a level of political stability throughout the financial year. However, concerns over challenges such as policy uncertainty and bureaucratic inefficiencies persisted. The political landscape in 2024, is expected to become increasingly dynamic with Sri Lanka gearing up for Presidential and possibly General elections in 2024.

The geopolitical landscape profoundly influences global markets, particularly impacting sectors such as tourism, energy, logistics, and manufacturing through its effects on oil prices, supply chains and international travel. The persistent conflict between Russia and Ukraine, along with escalating tensions in the Middle East as the year concluded, could significantly affect sectors including tourism, maritime and freight logistics, and the broader services sectors.

### IMPACT ON THE GROUP

- Geopolitical developments
- Supply chain disruptions
- Impact on trade volumes and routes
- Changes in the demand for goods and services of the Group
- Changing dynamics of migration
- Change in preferred destination of travel

### Our Response

- Diversification into new market segments and geographies by leveraging existing and new partnerships.
- Focus on supply chain resilience through process improvements and greater engagement with supply chain partners.
- Building greater operational flexibility with a strong emphasis on contingency planning.
- Focus on building financial resilience to withstand disruptions.
- Regular risk assessment and proactive identification of risks and opportunities.
- Effectively contribute towards the enhancement of the awareness of the destinations the Group operates in as a desired tourist locations.

## ECONOMIC

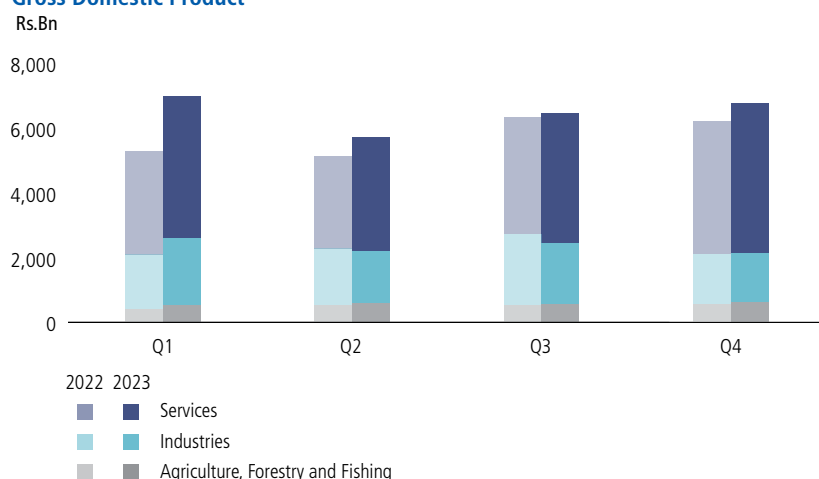


Sri Lanka's economy displayed credible signs of recovery in 2023 with economic reform policies implemented by Sri Lankan authorities yielding notable positive developments in macroeconomic fundamentals particularly towards the latter part of the year. However, reforms implemented such as energy repricing and tax adjustments significantly curtailed demand.

## A Gradual Revival of the Sri Lankan Economy

Following six consecutive quarters of economic contraction, Sri Lankan economy witnessed a gradual revival in 2023 with the economy recording an expansion in the second half of 2023. Consequently, the overall contraction for the year was limited to 2.3% compared to the significant contraction of 7.3% observed in 2022.

## Gross Domestic Product



## Subdued Global Growth

Global growth too remained subdued amidst geo-political tensions, monetary policy tightening and lower trade volumes.

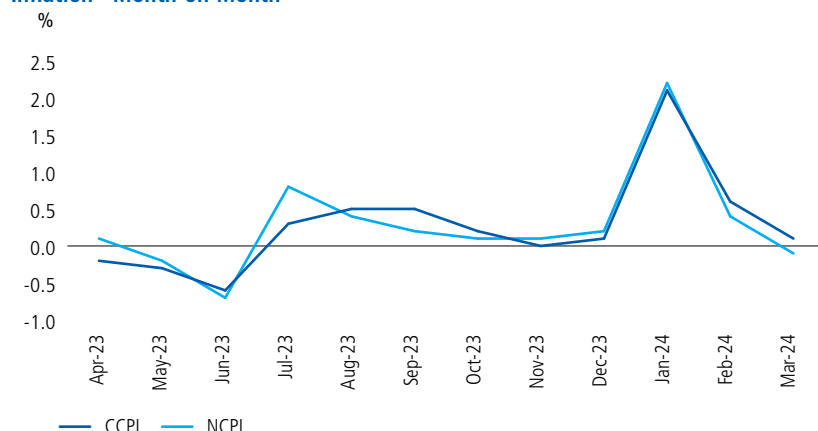
## Energy Cost

The daily scheduled power cuts that were a common feature from February 2022 as a result of the demand management strategy due to fuel and coal shortages were phased out and uninterrupted supply of electricity resumed from mid-February 2023. Electricity tariffs were revised four times during the year, with two upward revisions in February (66%) and October (18%), and downward revisions in July 2023 (14%) and a downward revision of 21.9% in March 2024.

## An Easing of Inflationary Pressures

Inflation witnessed a sharp downward momentum from the high levels witnessed in 2022 and was contained to single-digit levels by end 2023 as a result of tighter monetary policy, normalisation of domestic supply side bottlenecks, and appreciation of the domestic currency.

## Inflation - Month-on-Month



## Lower Trade Volumes

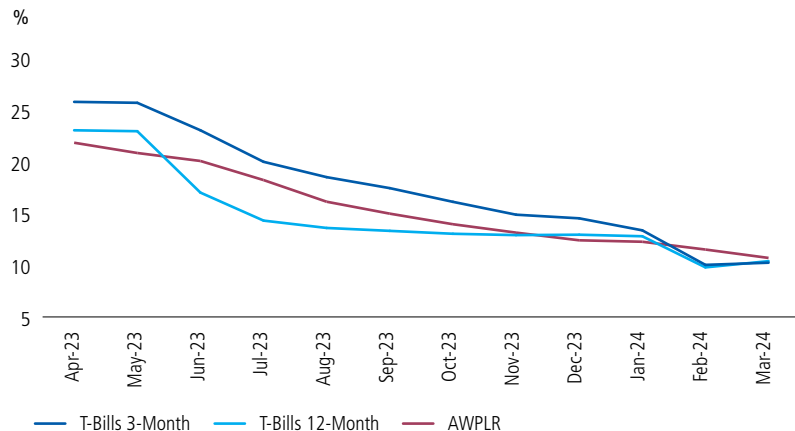
Import and export volumes declined during the year. Export earnings declined in 2023, with a sizeable contraction of industrial exports. Meanwhile, a significant drop in import expenditure was observed due to subdued economic activity, lower disposable income, import restrictions, and tight monetary and fiscal conditions.

## ECONOMIC (CONTD.)

## Declining Interest Rates

The Central Bank commenced relaxing its monetary policy stance from June 2023 in tandem with disinflation. The easing of monetary policy together with the falling risk premia following the finalisation of the domestic debt optimisation resulted in a downward adjustment in market rates.

## Interest Rates



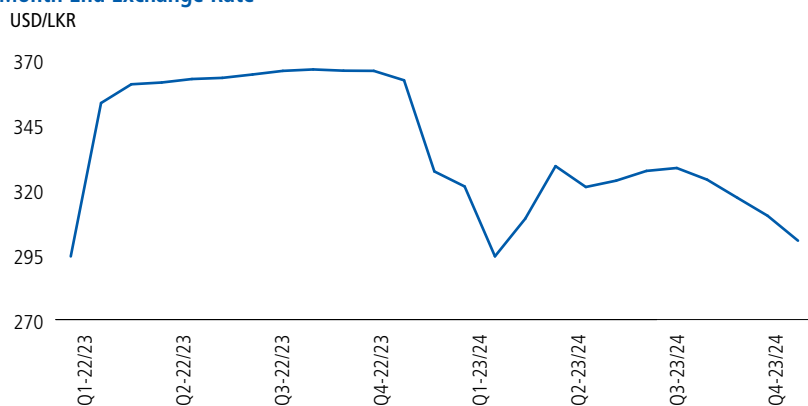
## IMPACT ON THE GROUP

- Challenging demand conditions for segments such as apparel, printing and packaging, logistics and supply chain activities due to subdued local and global economic conditions
- Impact of inflationary pressures on operational expenses
- Tight borrowing conditions and reduced disposable income held back consumption
- Volatility in the exchange rate and the appreciation of the rupee impacted business revenue as most of the Group revenue is foreign currency or USD pegged.
- + Positive impact on tourism sector due to uptick in tourist arrivals

## Appreciation of the Local Currency

The Sri Lankan rupee, depreciated over 26% against the US dollar in 2022. However with the improvement of foreign exchange liquidity, the Sri Lankan rupee followed a trend of appreciation during the year under review to show an appreciation of 8% by the end of 2023.

## Month End Exchange Rate



## Our Response

- Proactively explore new market segments and geographies with growth potential.
- Greater focus on expense monitoring and cost optimisation.
- Leveraging partnerships to drive synergies and greater efficiencies.
- Drive greater resource efficiencies.

## SOCIAL



## IMPACT ON THE GROUP

Continuous high level of migration from the country remains a key challenge for corporates with serious implications on long term shortage of skilled employees and professionals.

With shift of behaviour in the cohort of traditional employees, a lean towards alternative employment opportunities such as flexible, remote and agile work options has become popular.

Prolonged economic challenges faced by the country has also increased income disparities and considerably reduced the disposable income of some, affecting consumer buying patterns

## Our Response

- Strengthening employee value proposition through flexible working, rewards and benefits, training and development etc.
- Continued focus on increasing female participation in the workforce.
- Explore innovative models of recruitment to attract new cohorts of employees.
- Ongoing support to employees to ease financial pressures.
- Continued focus on product and service innovation to meet evolving customer needs.

## TECHNOLOGICAL



## IMPACT ON THE GROUP

In today's fast-paced digital era, technology is the catalyst for a major transformation in traditional business models. Innovations in artificial intelligence, big data analytics, and the Internet of Things are causing widespread disruptions across numerous industries, compelling businesses to swiftly adapt in order to remain competitive. Technology and digitisation is also transforming consumer preferences with consumers increasingly prioritising convenience, personalisation and ESG considerations.

## Our Response

- Acceleration of digitalisation and automation across sectors
- Cultivate a culture that supports creativity and the exploration of new technologies.
- Customer engagement to understand evolving consumer trends.
- Providing ongoing training and development programs for employees to build a workforce capable of leveraging new technologies effectively.
- Exploring strategic partnerships with technological partners.
- Update risk management strategies to address potential security risks from new technologies.
- Craft a comprehensive digital transformation strategy that aligns technology use with the Group objectives.

## ENVIRONMENTAL



## IMPACT ON THE GROUP

Climate change and extreme weather events are significant risks to the sustainable growth of our businesses. Operating in environmentally sensitive sectors such as maritime, tourism, power, and plantations, the Group's performance and long-term sustainability are closely linked to environmental factors. The increasing emphasis on responsible behaviour in end markets necessitates strong ESG practices to unlock new opportunities. As the nation gradually transitions to a low-carbon economy, we expect to encounter stricter regulations and rising compliance costs.

## Our Response

- We are committed to achieving net zero by 2030 and continue to allocate significant resources towards this goal, including the adoption of Science-Based Targets.
- We have implemented a comprehensive integrated sustainability policy in line with the Sustainable Development Goals (SDGs) and ESG frameworks.
- Forty entities are certified for international best practices in environmental management.
- We continue to explore opportunities to provide low-carbon technology solutions and expand our renewable energy portfolio.
- We are building a green workforce through cultural transformation.
- We are making long-term investments in strategic biodiversity conservation projects.

## LEGAL



## IMPACT ON THE GROUP

The regulatory framework within the country is experiencing considerable transformations as part of an ongoing structural and economic reform initiative. This includes proposed legislative changes in sectors like taxation, public finance, procurement, public-private partnerships, state enterprises, and offshore economic activities. Simultaneously, global legal frameworks are also evolving, particularly in fields such as environmental regulation, data protection, and corporate governance. These developments, which include stricter emissions standards, more robust privacy regulations like General Data Protection Regulation (GDPR) and heightened corporate transparency requirements, are significantly influencing business operations globally and require continuous compliance and strategic adaptation.

## Our Response

- The Group Legal team stay informed about updates to pertinent laws and regulations and keep the Board of Directors and senior management updated on these changes.
- Regularly carry out detailed impact assessments to evaluate how new regulations influence various aspects of our business, including operations, finances, and strategy.
- Review of business models to assess new opportunities that arise from changes in legislation.
- Policies, procedures, and controls will be updated to align with new legal requirements. This may involve modifying data handling practices adjusting emission controls to meet environmental regulations or updating financial reporting to adhere to changes in law.