

# DETERMINING MATERIALITY

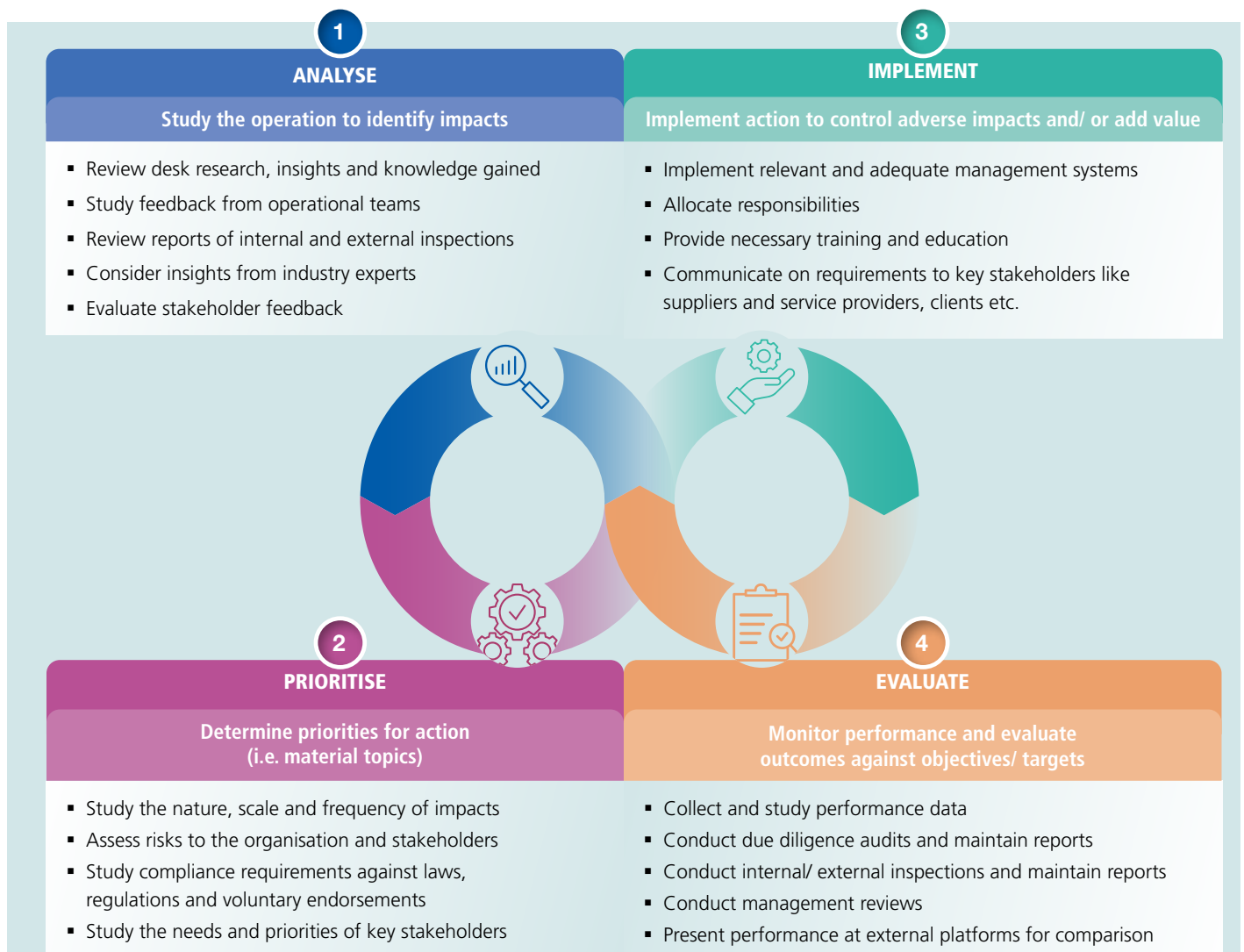
(GRI 3-1)

## DEMISTIFYING 'MATERIAL TOPICS' FOR OUR STAKEHOLDERS

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

## OUR PROCESS TO IDENTIFY MATERIAL TOPICS

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



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

**An example of a benchmark that guides us in identifying material topics**

Insights and knowledge acquired from external platforms such as UNGC Working Groups and accelerator programmes for gender, climate action, business and human rights, supply chain etc. also inform our processes to identify material topics.



**An example of an action taken as a result of materiality assessments**

Having already understood our environmental priorities, we signed commitment to the Science Based Targets initiative (SBTi) as a result of the priorities highlighted in the Climate Action Working Group and the Climate Emergency Task Force of the UNGC.

The diverse system standards with which our business segments align, such as ISO systems, Rainforest Alliance, Travelife, Sedex (SMETA) and WRAP, provide direction on industry-specific priorities for action. This guidance helps us determine what should be considered a material topic.

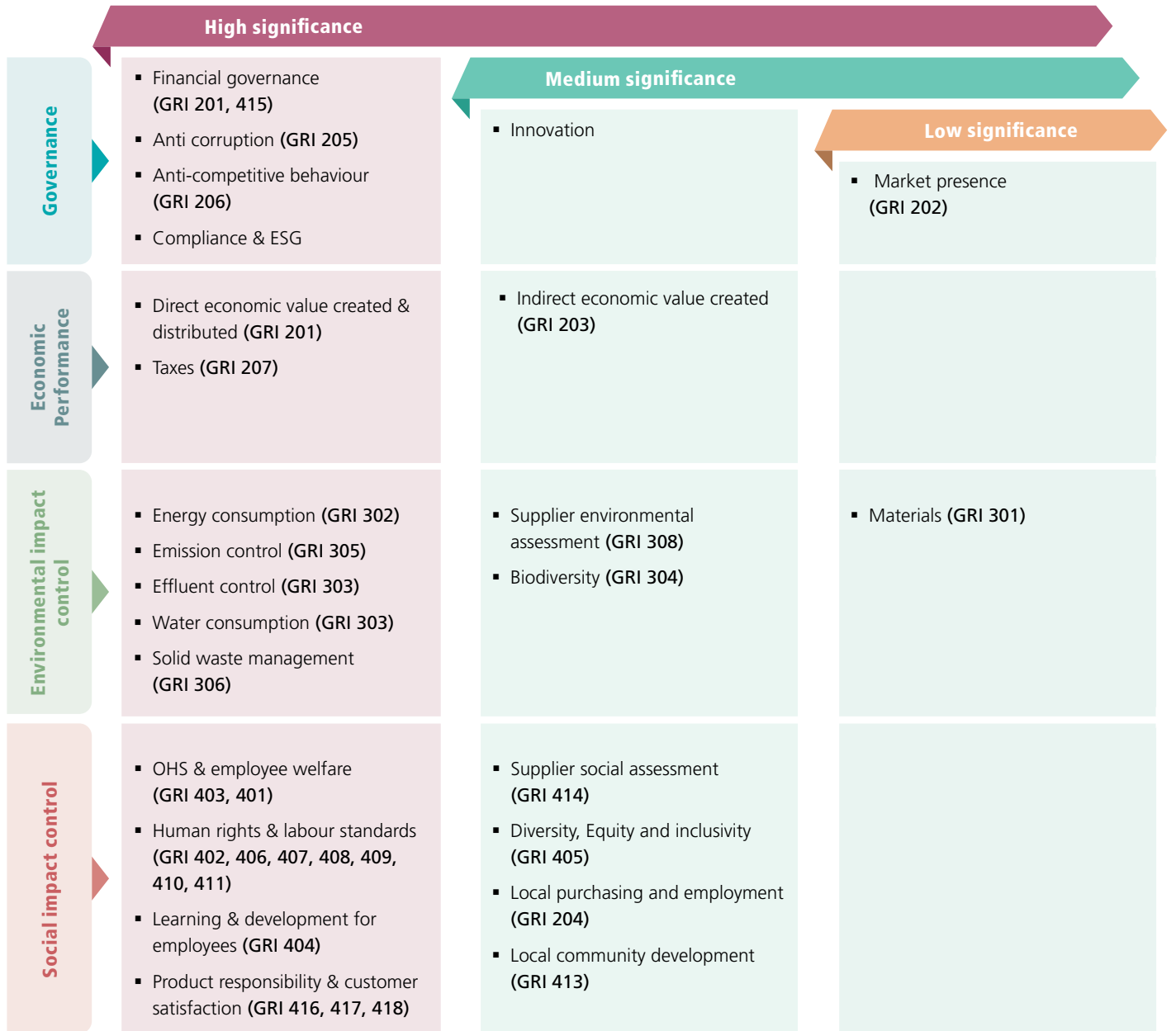
With all information at hand, we assess all our activities to identify factors that contribute significantly to our impacts or have the potential to influence key stakeholders' decisions. A topic is considered material for Aitken Spence if;



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

Examples of actual and potential impacts	Examples of risks	Examples of compliance requirements	Examples of stakeholder needs highlighted
<ul style="list-style-type: none"> <li>▪ Pollution and climate change which is from energy related emissions (our highest emission component)</li> <li>▪ Potential damage to sensitive ecosystems from waste and effluents</li> <li>▪ Potential impacts on human rights like discrimination</li> <li>▪ Financial impacts on the bottom line from unstable energy costs in Sri Lanka</li> </ul>	<ul style="list-style-type: none"> <li>▪ Risks to people, property, data, equipment, inventory and business activities from climate change related risks and manmade hazards</li> <li>▪ Business continuity risks from potential policy changes</li> <li>▪ Risks to IT systems and cyber security</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ensuring indicators identified and specified in the environmental protection license are maintained</li> <li>▪ Reporting on the Group's performance on the Ten Principles of the UNGC</li> <li>▪ Alignment with the new IFRS S1 and S2 standards</li> </ul>	<ul style="list-style-type: none"> <li>▪ Occupational health and safety</li> <li>▪ Career progression</li> <li>▪ Dignity of labour</li> <li>▪ Alignment with global benchmarks and standards like SBTi, Travelife, FSC, Sedex etc.</li> <li>▪ Ensuring information security and protection of data privacy</li> </ul>

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



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



**Corporate Governance**

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**Risk Report**

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**Financial Capital**

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**Human Capital**

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**Social & Relationship Capital**

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**Natural Capital**

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**TRANSFORMING PRIORITIES AND MATERIAL TOPICS TO ACTION**

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

A summary of the commitments outlined in our Integrated Sustainability Policy


<ul style="list-style-type: none"> <li><b>A</b> Maintain best practices in legal and regulatory compliance</li> <li><b>B</b> Endorse local and global development priorities</li> <li><b>C</b> Ethical business conduct</li> <li><b>D</b> Commit to prevent adverse environmental impacts</li> <li><b>E</b> Climate change risk and disaster risk reduction (DRR)</li> <li><b>F</b> Stakeholder engagement</li> <li><b>G</b> Encourage supply chain sustainability</li> <li><b>H</b> Incorporate ESG in strategic decision-making processes</li> <li><b>J</b> Process control for risk management</li> <li><b>K</b> Promote innovation in internal processes, products &amp; services</li> <li><b>L</b> Enhance quality of products and services and value delivered to customers</li> </ul>	<ul style="list-style-type: none"> <li><b>M</b> Support local communities through partnerships, local employment, local purchasing and other strategic interventions.</li> <li><b>N</b> Ensure safe workplaces for employees (OHS)</li> <li><b>O</b> Policies &amp; strategies to harness a strong and motivated workforce</li> <li><b>P</b> Uphold the UN Guiding Principles on Business &amp; Human Rights and protect internationally proclaimed human rights</li> <li><b>Q</b> Public disclosure of performance</li> <li><b>R</b> Ensure information security of the organisation</li> <li><b>S</b> Policies &amp; strategies for responsible communication</li> <li><b>T</b> Ensure ‘Net Positive Impact’ on biodiversity, wildlife and sensitive ecosystems</li> <li><b>U</b> Uphold annual performance review and future planning</li> </ul>
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Our material topics and performance against identified objectives and targets are discussed in more detail in other sections of this report. Please refer to the GRI Index for the full list of material topics or the following sections of this report for more information:

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

GRI Index
Pg **441**

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



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

