



SUSTAINABILITY PERFORMANCE REPORT

Sustainability Performance Report
1st of April 2020 to 31st of March 2021

Uga Sustainability Team produced this report in April 2021

This report has been produced to inform our stakeholders about the long-term strategy, goals, initiatives and performance relating to sustainability activities of our hotels. In addition, this report shows the progress made towards our goals.

MESSAGE FROM THE CHAIRMAN

At Uga, we know the success of our business is linked to our ability to operate and grow sustainably. As one of Sri Lanka's most sought-after hotel companies, we are responsible for protecting our communities and the environment. As a company and industry, we must rise to the challenge so that Sri Lanka can remain authentic and beautiful for generations of travelers.

Despite the Pandemic's disastrous impact on the hospitality industry in Sri Lanka and around the world, at Uga, we remained fully committed to our sustainability goals. Our team has inspired me, and I'm proud of all we accomplished in 2020-21. I am confident we will continue leading the way in sustainable travel to Sri Lanka.

Priyanjith Weerasooria
Managing Director

INTRODUCTION

This report contains information about Uga's Sustainability performance in 2020-21. This report shows the progress that has been made towards our sustainability goals. Our report has been prepared following the Travelife / GTSC Sustainability standards and integrates the recommendations from external sustainability consultants and auditors.

SUMMARY OF RECOMMENDED ACTIONS

The action plan below will provide evidence that senior management is using the report to monitor and improve our sustainability initiatives.

MANAGEMENT

2020 was characterised by the Covid-19 pandemic that had a substantial negative impact on the hotel industry.

Despite unprecedented challenges, our sustainability team, led by GSTC-certified experts, continued to meet and work towards our established sustainability goals.

During the year, Uga focused entirely on adopting the Covid-19 Guidelines and having all our resorts certified by SLTDA to offer a safe and secure hotel experience for all guests. Due to international travel and border restrictions, we had to entirely depend on the local market since many Sri Lankans chose to vacation within the country. With no revenue during specific periods of the year, we had to shut down guest operations and were compelled to cut down on costs.

In addition, we implemented a cloud-based management and office system to reduce operating costs and environmental impacts. New reporting and analytical tools were implemented to help to measure and monitor progress, and we strengthened policies and online training to support hotel workers through the pandemic.

Our strategic goals, grounded in our core values, are designed to drive growth for our brand. Looking to the future, we are guided by our responsibility to our communities and the travelers we serve.

ENVIRONMENT

At Uga, we firmly believe we are accountable for our part in protecting the environment. This past year, we focused on resource efficiency despite the challenges of an unprecedented global crisis environment.

ENERGY

The energy consumption at our resorts consists primarily of electricity, with 100% of hotels using renewable energy to significant degrees, diesel and petrol, and LPG Gas for key processes and installations.

One goal for 2020-21 was to monitor and track our energy use in a manner compliant with sustainability standards using new systems and templates. We adjusted our reporting to include all sources used on site and to monitor energy consumption by KWh / Guest Night. Consolidated energy consumption records were prepared monthly and diligently stored in the shared sustainability management system.

We also set out to increase our energy efficiency. Specific energy-saving related staff training took place, and we were able to improve energy efficiency by increasing low-energy light fittings and installing sensors and motion detectors, as well.

Comparison Measurements for 2010-21: Energy Reduction / Energy Efficiency

	Uga Ulagalla	Uga Jungle Beach	Uga Bay	Uga Chena Huts	Uga Residence
Use of low energy light bulbs	92%	94%	95%	93%	83%
Use of key card controlled power and lighting	100% (Guest Rooms)	100% (Guest Rooms)	100% (Guest Rooms)	100% (Guest Rooms)	100% (Guest Rooms)
Use of occupancy sensors and motion detectors	3%	0%	10%	23%	0%

Another goal for 2020-21 was to assess our energy consumption against industry benchmarks and establish reasonable targets. Unfortunately, we were forced to close down for specific periods due to the unprecedented challenges we faced throughout most of 2020-21. As a result, the data collected this past year has been deemed insufficient to compare with international and national benchmarks or establish reasonable targets. Therefore, this objective has been rescheduled as a goal for 2021-22.

Uga greenhouse gas emissions result primarily from our energy consumption and mainly carbon dioxide emissions. An assessment of greenhouse gas emissions of our resort operations was planned for 2020; however, due to unprecedented disruption caused by the Covid-19 Pandemic, this goal has been rescheduled for 2022.

Our efforts to decrease emissions will continue to focus on working towards energy efficiency and continuing the shift to renewable energy sources. We are particularly sensitive to the energy sources used in Sri Lanka and the availability of renewable sources in the grid. Therefore, our long-term focus is on generating as much of our energy as possible through technology such as photovoltaic panels to significant degrees.

Moving forward, Uga is committed to contributing to mitigating climate change by continuously improving the energy efficiency of our operations.

- **Assess our energy consumption against national and international benchmarks and establish reasonable targets.**
- **To increase occupancy sensors and motion detectors in all our hotels.**
- **Calculate our emissions; set the standard for each hotel and prepare the plan to reduce.**

WATER

Following GSTC / Travelife guidelines, Uga adjusted the hotel water reporting system to include all water used on sites and report cubic meters per guest night. In addition, consolidated water consumption records are prepared monthly and diligently stored in the shared sustainability management system.

Uga is committed to reducing water usage. We ask all our hotels to follow practices on water conservation, including many low-to-no cost upgrades that reduce both consumption and operating costs. Strategies for water conservation include irrigation controls for landscaping, low flow toilets, low flow showerheads, linen and towel reuse programs, and efficient laundry equipment. Moreover, the ongoing employee training improves water-efficient routines in housekeeping, kitchens and leisure facilities.

A goal for 2020-21 was to assess our water consumption against industry benchmarks and establish reasonable targets. Unfortunately, we were forced to close down for specific periods due to the unprecedented challenges we faced throughout most of 2020-21. The data collected was deemed insufficient to compare against international and national averages or establish reasonable targets. Therefore this objective has been rescheduled as a goal for 2021-22.

- **To assess our water consumption against national and international standards and establish reasonable targets.**

WASTE

Embedded within our environmental sustainability policy are many best practices around waste management. For example, recycling, single-use plastic minimization, polystyrene foam and plastic straw bans, electronic waste disposal, composting and food waste management are important initiatives that Uga embraces.

Employees are trained in waste management and the waste hierarchy: Reduce, Reuse, Recycle, and are empowered to make improvements where they see fit.

All our hotels have a dedicated waste-sorting area in public spaces and the back of the house. In addition, we are proactively seeking to reduce our residual waste, which is otherwise sent to landfills or incineration.

We also aim to purchase products that generate minimal waste. So, for example, all our hotels have refillable amenity dispensers in public and in-room washrooms, and we have set up two glass water bottling plants so that we do not need to provide water in plastic bottles.

Moving forward, we want to see a reduction in waste per guest night in all our hotels. We believe these reductions will be achieved through stricter waste management policies and SOPs, stringent recycling criteria as part of environmental certifications and auditing initiatives, and increased employee awareness.

A goal for 2020-21 was to assess our waste consumption against industry benchmarks and establish reasonable targets. Unfortunately, we were forced to close down for specific periods due to the unprecedented challenges we faced throughout most of 2020-21.

As a result, the data collected this past year has been deemed insufficient to compare with international and national averages or establish reasonable targets. Nevertheless, we are committed to establishing targets by 2022.

- **Calculate and assess waste per guest night against the latest national and international benchmark and establish reasonable targets.**
- **To eliminate all single-use plastic across our entire portfolio of hotels by the end of March 2023.**

CHEMICALS / HAZMAT

At Uga, we know that chemicals are one of the most hazardous substances in the hospitality sector. Chemicals present many potential hazards such as burns, skin irritation and respiratory harm.

Uga conducted comprehensive assessments at all our hotels to minimize these risks, contributing to achieving Travelife Gold Certification. In addition, auditors certified that policies and processes designed to ensure our chemical handling and storage were appropriate and sufficient to protect staff and guests.

Storage areas of our hotels are sufficiently spacious, well lit and ventilated. Chemicals are stored below eye level to ensure that products can be retrieved for use easily without risk of spillages. In addition, all our designated chemical storage areas have clear signage and clearly labelled chemicals.

To protect our staff against chemical harm, the right PPE for each task is available at all our hotels. We are mindful that when working with chemicals, the effectiveness of PPE depends on employees using it correctly and for the tasks, the PPE has been provided for. Our managers are trained to identify situations where PPEs are not used appropriately and take corrective action.

Uga is also conscious that the refrigerant R22 is ozone-depleting and is being phased out worldwide. Therefore, in 2020 we designed a plan to phase out R22 from all our properties by 2023.

- **To adequately remove all R22 coolant across our entire portfolio of hotels by the end of 2023.**

WILDLIFE

At Uga, we are committed to informing guests, suppliers, and other interested parties about our animal welfare policies. Our vision is that all animals are treated respectfully and follow transparent and clear welfare standards. Protecting animals in captivity and the wild is very important to us. Therefore, in 2020, we created and implemented an animal welfare policy and published it on our website.

Our commitment to animal welfare goes beyond our hotel. In 2020, we began to work on the Elephant Research Centre (ERC) at Ulagalla. Uga decided to take affirmative action and do our part to help mitigate the Elephant Human conflict in Sri Lanka, focusing specifically on the areas and communities we operate in.

In 2020, we collaborated with Dr. Prithiviraj Fernando, Chair of the Centre for Conservation and Research CCR – Sri Lanka, to get a better understanding of the Human-Elephant conflict. CCR is constantly looking for new ways to manage HEC better and form a cohesive conservation strategy that involves local communities.

One of the objectives of the ERC is to support their efforts through a series of fundraising initiatives and fund projects that alleviate local instances of HEC, such as the establishment of correctly positioned electric fencing, geofencing and community programmes to educate our local villagers.

The Human-Elephant Conflict in Sri Lanka

Over the last three generations, the Sri Lankan Elephant population has declined by as much as 50%. Listed as endangered by the IUCN, current estimates suggest around 6,000 Sri Lankan elephants are left on the island, with just under three-quarters of these majestic creatures living outside protected areas. In addition, habitat loss due to deforestation has squeezed elephant ranges and brought them into conflict with rural communities. In 2019 alone, over 350 elephants perished due to an intensifying human-elephant conflict (HEC).

- **To roll out the ERC model across one more hotel in 2022.**

LABOUR & HUMAN RIGHTS

At Uga, we respect differences in people, ideas and experiences. Our core values are caring, respect, inclusiveness and fundamental human rights.

Our commitments and values are supported by a labour and human rights policy that sets out the guiding principles, training programs and a system to review our performance. We are committed to fair and equal pay and a working environment free of discrimination, harassment, bullying and victimization. Grievance and disciplinary and whistleblowing policies and procedures are available in all staff areas.

We recruit and develop individuals solely based on their suitability for the job, regardless of gender, age, nationality, religion or disability. We monitor our diversity profile through our workforce profile report, including the distribution of gender, minorities and local hiring information.

The impact of the Covid-19 Pandemic

In 2020, we had to adapt to a sharp drop in demand due to the Covid-19 Pandemic. For this reason, we had to adjust staffing costs to the sharply reduced level of need. In total, permanent employees decreased by 50% in 2020. At the same time as the company's workforce was reduced, our focus was on ensuring that both the level of service and the safety of guests and employees were not negatively affected. One of our priorities was to expedite vaccination of our employees and promote vaccination amongst family and community.

In 2020, temporary downsizing was necessary, and we hope to re-employ many people who were forced to leave when the market returns to normal. As we scale up again, one of our objectives is to provide more opportunities for women to join our organization, encouraging them to apply for available positions. We would also like to create more opportunities for people with disabilities.

Key Area	Sub Area	Ulagalla		Jungle Beach		Uga Bay		Residence		Chena Huts		Management	
		Count	%	Count	%	Count	%	Count	%	Count	%	Count	%
Workforce	Total Employees	84		83		71		33		47		29	
	Full Time Employees	1	1.19%	0	0.00%	1	1.41%	1	3.03%	1	2.13%	28	96.55%
	Contract	83	98.81%	83	100.00%	70	98.59%	33	100.00%	46	97.87%	1	3.45%
Gender	Female Employees	12	14.29%	6	7.23%	6	8.45%	0	0.00%	3	6.38%	10	34.48%
	Male Employees	72	85.71%	77	92.77%	65	91.55%	34	103.03%	44	93.62%	19	65.52%
Age	<20	0	0.00%	0	0.00%	0	0.00%	0	0.00%	3	6.38%	0	0.00%
	20-29	34	40.48%	40	48.19%	28	39.44%	7	21.21%	16	34.04%	10	34.48%
	30-39	19	22.62%	24	28.92%	21	29.58%	16	48.48%	19	40.43%	12	41.38%
	40-49	27	32.14%	17	20.48%	20	28.17%	8	24.24%	8	17.02%	5	17.24%
	50 or above	4	4.76%	2	2.41%	2	2.82%	2	6.06%	1	2.13%	2	6.90%
Ethnicity	Sinhala	77	91.67%	43	51.81%	33	46.48%	30	90.91%	46	97.87%	24	82.76%
	Tamil	5	5.95%	32	38.55%	32	45.07%	2	6.06%	0	0.00%	2	6.90%
	Muslim	1	1.19%	7	8.43%	5	7.04%	1	3.03%	1	2.13%	2	6.90%
	Burgher	0	0.00%	1	1.20%	1	1.41%	0	0.00%	0	0.00%	1	3.45%
	Other	1	1.19%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Expatriates	Executive	1	1.19%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
	General Workforce	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0	0.00%
Executives	Female Executive	5	5.95%	1	1.20%	1	1.41%	0	0.00%	1	2.13%	6	20.69%
	Male Executive	9	10.71%	9	10.84%	9	12.68%	8	24.24%	12	25.53%	15	51.72%
Colleagues with disabilities		1	1.19%	1	1.20%	0	0.00%	0	0.00%	0	0.00%	0	0.00%

- As we emerge from the Covid-19 Pandemic, re-employ staff as quickly as possible.
- To ensure all our staff are vaccinated as soon as possible.
- Increase overall gender diversity.
- Recognize our female employees to encourage other females to apply for jobs.
- Provide more opportunities for people with disabilities.

TRAINING & DEVELOPMENT

Our team member's development is key to our long-term success and a top priority at Uga. Therefore, we actively seek to identify and develop talent throughout the company and provide various learning experiences. To this end, Uga has a learning and development program headed by a dedicated team under the supervision of HR.

Training programmes enable our colleagues to excel at their job and embrace the company culture. With years of combined hospitality experience, our training delivers impactful, customized training to help employees operate professionally and sustainably. In addition, they work to identify specific challenges and areas of opportunity and create an engaging learning experience.

- Assess our baseline regarding the number of hours of training per employee per year against international sustainability standards.
- Ensure that all new employees receive training on environmental sustainability, labour and human rights and child protection.
- To conduct an ethical guiding workshop.

SUSTAINABLE PROCUREMENT

Uga is committed to sustainable procurement practices that minimize our negative societal and environmental impacts, improve the sustainability performance of our suppliers and create value for the business, our customers and society as a whole.

There are very few things we import from abroad. Our requirements and standards are outlined in our Green Purchasing Policy. As a policy, we priorities the purchase of green products, manufactured locally, with more environmentally friendly materials or produced with minimal environmental impact.

Below is a table produced by the purchasing department that provides an insight into the purchasing practices considering sustainability. The table below compares 2019-20 with 2020-21 and highlights the % of "Environmentally Sustainable Purchase" by comparison to the total. Overall the table suggests a slight increase in the % of environmentally sustainable purchases yearly.

Resorts	Financial year 2019/2020			Financial year 2020/2021		
	Total value Of Non-consumable items purchased	Value of Purchase which qualify as Environmentally Sustainable	Percentage of Environmentally Sustainable Purchases	Total Value Of Non-consumable items purchased	Value of Purchase which qualify as Environmentally Sustainable	Percentage of Environmentally Sustainable Purchases
UW	54,961,938.22	2,446,090.11	4.45	20,861,846.53	3,079,118.64	14.76
JB	85,316,480.00	6,773,991.28	7.94	41,676,591.71	2,930,693.08	7.03
UB	23,236,146.71	2,378,662.25	10.24	18,301,518.51	1,172,950.97	6.41
UC	9,622,221.00	1,279,662.52	13.3	5,671,706.00	1,204,565.05	21.24
CH	15,805,399.22	1,295,159.28	8.19	32,316,519.58	1,404,318.00	4.35
	188,942,185.15	14,173,565.44	7.5	118,828,182.33	9,791,645.74	8.24

Moving forward, we must continue to partner with suppliers who understand and embrace our sustainability standards in environmental, labour, human rights and others.

- To increase the sustainable purchases as a % of total purchasing.
- To further train our purchasing department on sustainable purchasing.
- To create a distribution list on the e-marketing platform for our suppliers and send them an email reinforcing our sustainability ethos.

COMMUNITY

At Uga, we know tourism is dependent on the community and our cultural and natural heritage. Therefore, we want our hotels to contribute positively to the social and economic development of the regions in which they operate within the country.

Coordinating between the hotel and the community regarding community engagement takes place at a local level, as is the responsibility of the GMs of each hotel. For example, some hotels run unique community development initiatives, including visitors participating in beach clean-ups. Others contribute to the local community by supporting local initiatives or donating in kind.

Unfortunately, the Covid-19 Pandemic resulted in prolonged periods of lockdown, and some of the opportunities to engage in small community projects that Uga was involved in during regular periods did not present themselves. Hence the overall number of small community projects diminished year on year.

Some of the community projects Uga has been involved in during the past year include:

Uga Ulagalla

- Installation of a Reverse Osmosis Water Treatment Plant to provide clean drinking water to the village of Athungama situated close to the hotel. This included the construction of a well to provide water for the plant and a building to house the equipment.
- Providing permanent employment to one of the villagers as a caretaker of the water treatment plant.
- Ulagalla provided all the meals in the vaccination centres on the vaccination dates in Athungama for the health staff that conducted the vaccinations.
- Grow the future project in Sigiriya (local employment and healthy food for staff)
- Donation of furniture to Anuradhapura hospital.

Uga Bay

- Beach cleanup drive on Tourism day at Kalkudah beach
- Fruits donated to 'Katina" in Oddamawadi Buddhist temple
- Inviting local children to the resort for the Christmas Tree lighting ceremony

Uga Chena Huts

- Painted a home for the elderly in Kataragama and provided lunch for them.

Uga Jungle Beach

- Almsgiving for all the Buddhist priests in "Thiriyaya temple" monthly on each full moon poya day throughout the year.
- Donation of curd and treacle for all participants on the day of the "Katina Ceremony at the "Thiriyaya temple", "Katina event".
- Donation of slippers for Army soldiers in "Monkey bridge" army camp in Kappalthurai, Trincomalee.
- Donation of water from the resort well for "Maduwakulam army camp", 12,000 litres per day and 4,380,000 liters (4.4m approximately) per year.
- Donation of water from the resort well to "Pradeshiya sabha" – Local Authority who facilitate for this to be distributed among the villages during periods of drought in the area.

We refrain from engaging in community projects that may be considered hazardous to health or the environment.

- **To continue identifying small community projects, we can assist within our immediate communities.**
- **To complete a fencing project around Ulagalla with ECR (Center for Conservation and Research)**

GUEST SATISFACTION

At Uga, we are committed to delivering the highest level of service standards which our guest expects. Therefore we make it a point to gather and learn about the guest's needs and wants. This valuable information enables us to bring memorable experiences to our guests and build guest loyalty to our brand.

Uga guest satisfaction survey at each hotel invites guests to provide feedback by email immediately following their stay. Responses are analyzed monthly, and the annual values are presented below.

Currently, up to 19.5% of our guests complete the questionnaire – the average click rate has decreased significantly due to changes in the demography of our guests during the last year, and one of the objectives for the next year is to increase the number of guests completing the questionnaire.

The table below shows guest satisfaction survey results measured in all our hotels for 2020-21. Overall, the survey indicates consistently high levels of satisfaction while there are areas we can improve on, particularly regarding food at some of our hotels.

Guest Satisfaction Measurements for 2020-21:

Overall yearly average	Room	Service	Food	Location	Room Cleanliness
Uga Ulagalla	94%	95%	79%	94%	100%
Uga Jungle Beach	96%	95%	90%	100%	100%
Uga Bay	97%	96%	96%	89%	100%
Uga Chena Huts	86%	96%	85%	93%	67%
Uga Residence	92%	85%	92%	75%	100%

This coming year we plan to launch new experiences and conduct an overall experience audit that will improve the quality and delivery of the experiences we offer on-site. In addition, we plan to review and enhance operational excellence and consistency.

At Uga, we continuously challenge ourselves to ensure our service delivery is at the highest level.

- We also plan to add questions to the feedback that will allow us to measure loyalty and NPS (Net Promoter Score), and DFI (Defect Free Index).
- We plan to review and redesign our marketing and communication materials for the experiences we offer.

SIGN OFF

Tick	Title	Initial by Hand
	Ramli Ghaffoor Director CEO	

