

Sustainability Performance Report

1st of January 2024 to 31st of December 2024

Uga's Sustainability Team produced this report in January 2025

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 Managing Director

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 2024. I am confident we will continue leading the way in sustainable travel to Sri Lanka.

Priyanjith Weerasooria.
Managing Director

INTRODUCTION

Can luxury and sustainability really go hand in hand? At Uga we believe so, and we make it happen. Our hotels are defined by their rich heritage, natural environment and thriving local communities, and it is our mission to preserve them for us, our communities and the generations to come.

Sustainability is considered at every level of our operations from construction of new properties to maintaining the properties in operations. We are constantly evaluating how we can surpass our environmental goals, working diligently to ensure that our hotels follow the Global Sustainable Tourism Council (GSTC) guidelines, playing an active role in achieving United Nations Sustainable Development Goals (UNSDG).

This report contains information about Uga Bay's Sustainability performance in 2024. This report shows the progress that has been made towards our sustainability goals. This report has been prepared following the Travelife / GTSC Sustainability standards and integrates the recommendations from external sustainability consultants and auditors.

Through the information shared in this document we invite all our stakeholders to assist us in establishing our goals towards a sustainable operations and minimise the environmental and social impacts our operation result. We value your participation as well as sharing your ideas or suggestions whenever possible.

MANAGEMENT

With many draw backs due to the COVID pandemic for more than 2 years, 2024 can be mentioned as a year of back to normal operations in the tourism industry globally. Locally there were certain aspects mainly the economical down fall that Sri Lanka was experiencing had certain challenges continuing throughout the year.

Despite unprecedented challenges, our sustainability team, led by GSTC-certified experts, continued to meet and work towards our established sustainability goals. As a company we have been catering to the growing tourism numbers in Sri Lanka in a meaningful and effective manner and we hope to improve our performances in the coming year.

During the year international arrival showed a continuous growth contributing to a steady growth in the revenue which resulted a positive outcome providing us the opportunity with the investments in infrastructure enhancements, staffing and improvements to guest related products and services.

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 helping to measure and monitor progress. We strengthened policies and online training to support hotel workers through the Pandemic as well as the post-pandemic period.

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.

Showcasing our commitment to sustainable operations, we hired a Head of Sustainability & ESG for Uga Escapes Management driving the sustainability implementations at present and moving towards the Environmental Social and Governance structure in the coming years. In addition, we appointed 4 sustainability executives to our main resorts including Uga Bay. This has paved the way to streamline our commitment, effort and success towards walking the talk with meaningful implementations and enhanced results.

OUR KEY OBJECTIVES

At Uga, we firmly believe we are accountable for our part in protecting the environment, managing our operations in a sustainable manner being accountable for the resource consumption, energy usage, water usage, waste generation and the impact these can have on our environment. Focusing a steady commitment and performance, we implemented 6 objectives for our sustainability operations. Namely;

1. Energy Consumption Management
2. Water Consumption Management
3. Resource Consumption Management
4. Corporate Social Responsibilities
5. Sustainability Knowledge
6. Sustainability Acknowledgment

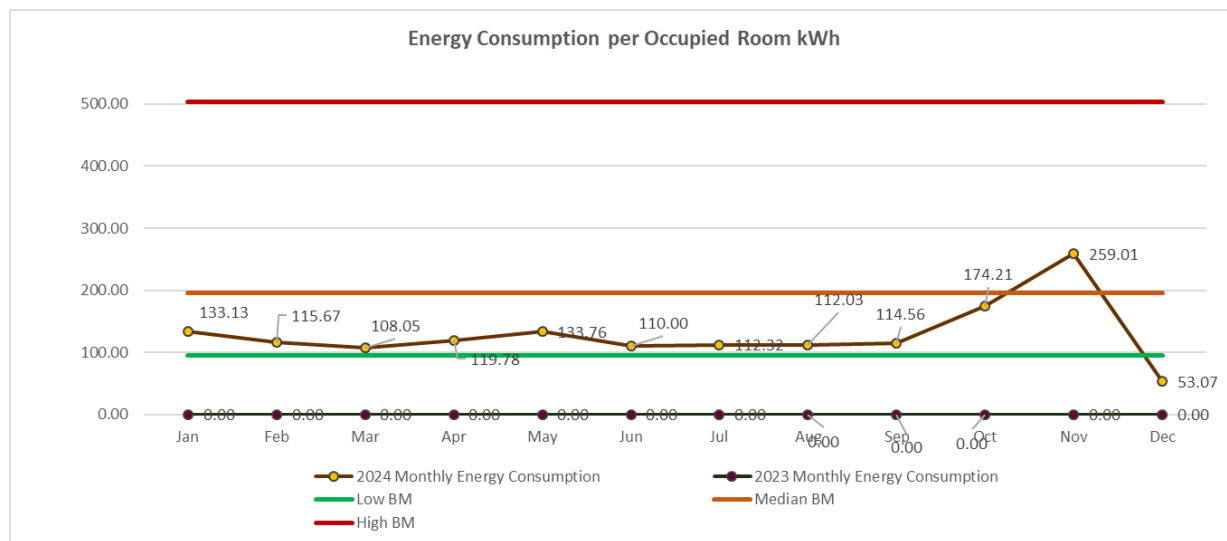
ENERGY

The energy consumption at our resorts consists primarily of grid electricity which contributes to a higher carbon emissions in addition to the use of diesel and petrol, and LPG Gas for key processes and installations. We are happy to highlight all of our resorts are generating direct solar power from the solar panel system and we use solar thermal water systems to generate hot water up to a certain extent.

During the year we introduced an online system 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.

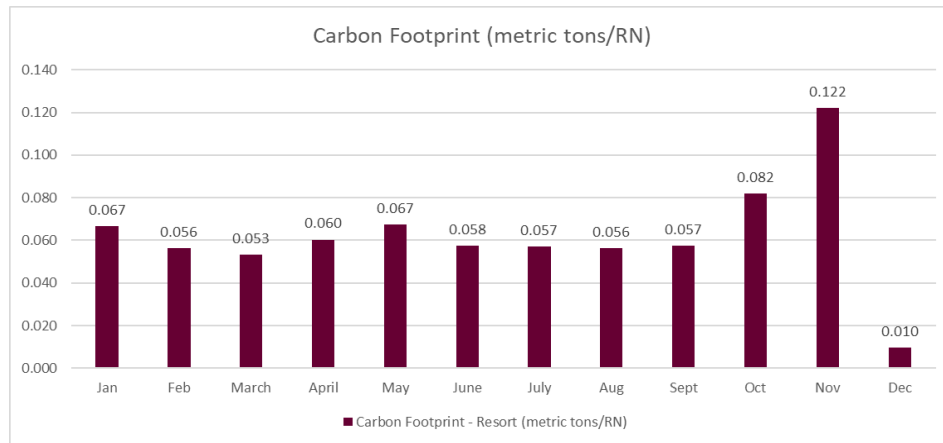
We also set out to increase our energy efficiency. Specific energy-saving related staff training took place, and we were also able to improve energy efficiency by increasing low-energy light fittings and installing sensors and motion detectors.

Another goal for 2024 was to assess our energy consumption against industry benchmarks and establish reasonable targets. We have used Cornell Hospitality Index as a benchmark and monitored our energy consumption per room night basis. Our performance during the year has been successful placing us between the median and upper benchmarks.



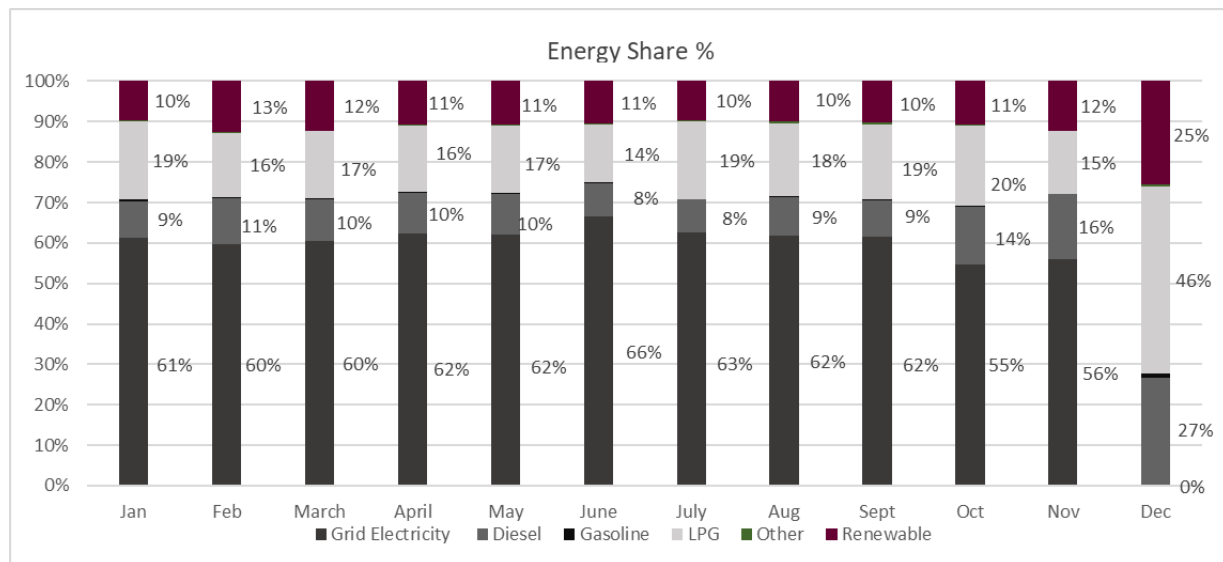
Energy Consumptions per occupied Room – Uga Bay - 2024

The most significant relationship with the use of energy resources are directly connected with greenhouse gas (GHG) emissions and climate change. We are committed in reducing the impacts of GHG emissions due to our operations and we are considering every opportunity to reduce our energy consumptions, adopt new technology and phasing out older equipment and enhance the share of renewable energy generation.



Carbon Footprint (Scope 1 & 2) – Uga Bay – 2024

Over the past year Uga Bay was able to maintain an average of 11% of renewable energy share.



Energy Share – Uga Bay - 2024

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

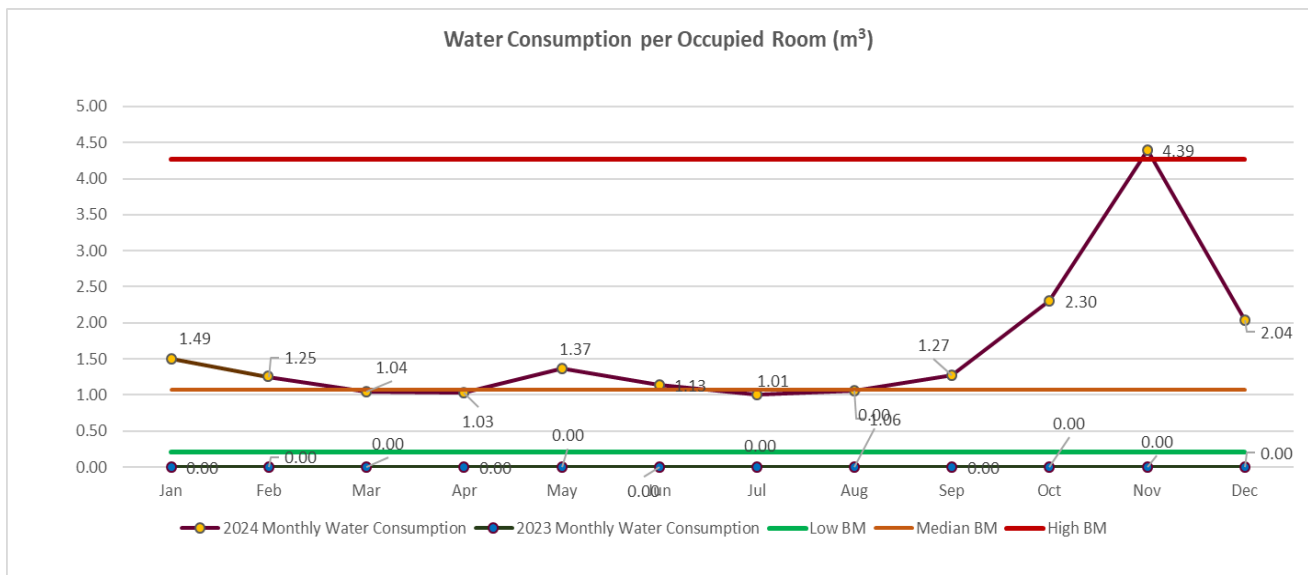
- **Assess our energy consumption against national and international benchmarks and establish reasonable targets.**
- **Agree with a phase-out plan for all the electrical equipment with a high energy consumption and replace them with new equipment.**
- **Implementation of the Environmental Social Governance (ESG) platform and monitor all energy related data giving reference to global standards and calculating the full carbon footprint including the scope 3 emissions.**

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 as most of our resorts are located in areas with high water scarcity. 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. And ongoing employee training improves water-efficient routines in housekeeping, kitchens and leisure facilities.

Uga Bay water supply is mainly provided through the grid connection. We were able to maintain our total water consumption below the upper benchmark of the Cornell hospitality index for majority of the months during the year.



Water Consumptions per occupied Room – Uga Bay - 2024

Moving forward, we will enhance our practices to manage water resources in a more sustainable manner by adopting the following strategies.

- **Assess our Water consumption against national and international benchmarks and establish reasonable targets.**
- **Based on the water flow rate analysis conducted during 2024, to implement corrective actions to reach a target of 75% compliance in water flow rates.**

WASTE

Embedded within our environmental sustainability policy there are many best practices for waste management. For example, recycling, single-use plastic minimisation, polystyrene foam and plastic straw bans, electronic waste disposal in a responsible manner, composting and food waste management are all 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. Our waste management process is focused on waste reduction at the origin rather than managing whatever the waste is being collected.

A colour coded waste separation system was established in 2024 and the resort is taking actions to complete the initiative during the 1st quarter of 2025



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 purchase products that generate minimal waste. Purchase of bulk products are done whenever possible to reduce the packaging waste. We use 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.

Collection of waste data was a challenge during the year. Most of the recyclable waste that we are selling to external collectors the data was maintained. But the reused food waste and landfill data was not collected continuously. We were able to introduce a proper scale and the waste measuring was commenced from December. We hope to continue the waste data collection from January 2025 so that we will have a full set of data collection by the end of the year.

- **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 2025.**

CHEMICALS / HAZMAT

At Uga, we know that chemicals are one of the most hazardous substances in the hospitality sector. We use variety of chemicals for all our operations from housekeeping, pest controlling and engineering related activities. Chemicals present many potential hazards such as burns, skin irritation and respiratory harm.

Uga conducted comprehensive assessments at all our hotels to minimise 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.

We implemented a detailed Chemical handling SOP during the year supported by task based training. We have provided sufficient storage areas with proper lighting and ventilation. 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.

Moving forward, we are looking at implementing the following the coming year.

- **To conduct a chemical audit to assess the amount of chemical used across our properties and implement benchmarks to manage chemical usage**
- **Adopt new technologies for dispensing chemicals**

Uga Escapes – Leisure		
Department / Section: Sustainability	Doc. No: UEL/SC/PM0 Issue No: 01 Effective Date: 07/10/2024 Page: 1 of 10	
Chemical Handling SOP		
Policy Statement:		
<p>It is the policy of Uga Escapes (Private) Limited to ensure the safety of our guests, employees, and the environment are paramount. Through this procedure, Uga Escapes (Private) Limited will have a safe and effective approach by providing clear guidelines for purchasing, storage, handling, and disposal of chemicals used within the hotel operations. This will help prevent accidents, minimize risks, and comply with all relevant regulations and industry best practices.</p> <p>Uga will be committed to:</p> <ul style="list-style-type: none"> • The highest possible standards in accordance with the company's policies. • Providing a safe work environment by ensuring that all chemicals are handled, stored, and disposed of according to best practices and in an environmentally friendly manner. • Offer training to all employees and continuous improvements to enhance safety and efficiency. • Responding swiftly and effectively to any incidents or spills involving chemicals. 		
Initiated by Via Email Head of Sustainability & ESG	Checked by Via Email Quality Assurance Department	Approved by Via Email CEO
<small>PM0 - Quality Assurance Department</small> <small>UEL/SC/PM01 01/10/2024</small>		

- **Agree with a phase out plan to adequately remove all R22 coolant across our entire portfolio of hotels by the end of 2024.**

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.

We offer wildlife related excursions to our guests aiming promoting the high status of biodiversity in Sri Lanka as well as sharing the importance of conserving the biological resources.

We do not engage or promote any activity that can harm the wellbeing and the natural habitats of the wildlife. All our excursions are planned and conducted ensuring maximum sustainability.

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 victimisation. 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.

Children are a vital segment of any society, they learn from the current generations while they are important for the future of any country. We as a company is committed in safeguarding the rights of the children and never engage or promote exploitation or abuse of children by any means. This is applicable to our guests, suppliers and all our staff members and their families. We have set policies and procedures to implement our strategies as well as to report any incident/observation related to abuse of the rights of the children.

Following the global motives of giving more opportunities for female work force we are looking forward to increase the female representation in our teams. In the coming year we will set ambitious goals in;

- **To increase the representation of female staff members in our work force.**

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, customised 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.

- **Asses 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.**

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 cleanups. Others contribute to the local community by supporting local initiatives or donating in kind.

We were able to implement a dedicated sustainability fund for each resort allocating an equal amount of USD 1.5 per guest night in local currency towards the sustainability fund. Which started auctioning from October 2024. From January 2025, all the CSR initiatives will be funded through the resort sustainability fund with a strong financial based to conduct effective and meaningful CSR projects.

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

- Tree planting commemorating the World Environmental Day 2024
- Donation made for the Differently Abled Children at Mercy Home Valachchenai – Able Hand Compassion Drives were donated.
- Cleaning and painting the boundary wall at Namagal College Kalkudah
- Dan Sala for Vesak festival 2024
- World Ocean Day Beach Cleanup session

While planning for effective CSR initiatives with our communities 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.**

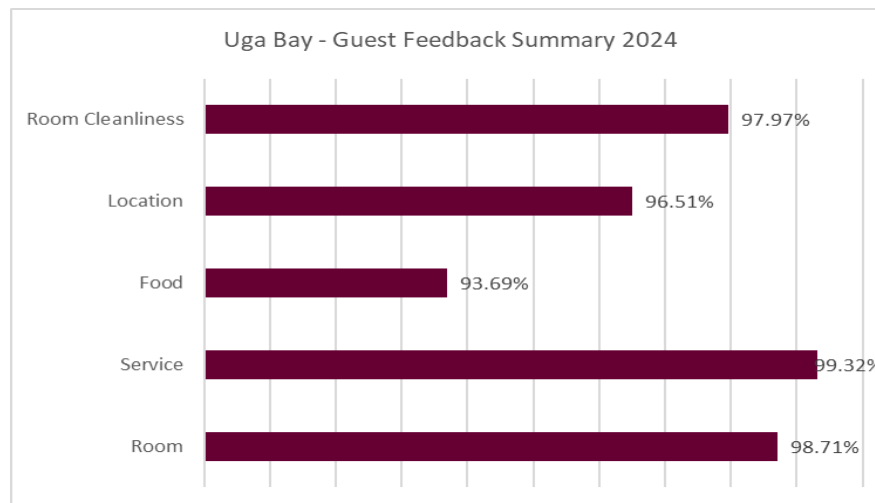
GUEST SATISFACTION

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 analysed monthly, and the annual values are presented below.

Currently, up to 34% of our guests complete the online guest feedback questionnaire in 2024. One of the objectives for the past year is to increase the number of guests completing the questionnaire. In 2021 this ratio was 19.5%. We will continue to increase the guest feedback which is beneficial for us to maintain as well as improve overall guest satisfaction.

The table below shows guest satisfaction survey results for the year 2024. Overall, the survey indicates consistently high levels of satisfaction while there are areas we can improve on, particularly regarding the guest satisfaction on food.



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.

END NOTE

We highly appreciate your comments, concerns and suggestions to improve our sustainability performances that will benefit our operations, all stakeholders and the environment we operate.

You can reach out to us through the following contact information.

The Annual Sustainability Performance Report is a publication of the Sustainability & ESG Department of Uga Escapes Management.


For more details about our sustainability initiatives please contact:

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SIGN OFF

Title	Initial by Hand	Date
Ramli Ghaffoor, Director CEO		20 th January 2025