



BRINGING THE
WORLD CLOSER.
INVESTING IN
A GREENER FUTURE.

SOUTH ASIA GATEWAY TERMINALS (PVT) LTD
SUSTAINABILITY REPORT 2020/21



SAGT is located at the historic Queen Elizabeth Quay and it is regarded as a productive and iconic Colombo terminal.

BRINGING THE WORLD CLOSER. INVESTING IN A GREENER FUTURE.

While the Pandemic is undeniably one of the most formidable challenges that Sri Lanka and the world have faced in recent years, it is believed that the collective response from all sectors, has assisted in dealing with the unexpected economic downturn in 2020 and 2021. SAGT, too, faced numerous challenges in adjusting to the pandemic. It was not easy to transition into a digital environment while dealing with pandemic-related restrictions. However, thanks to recent advances in digital technology, SAGT was able to make the transition in a matter of days, ensuring uninterrupted operations. This report describes how we evolved our operational strategies to effectively manage the challenges of the ongoing pandemic while maintaining our commitment to social and environmental responsibility and contributing to the Sri Lankan economy through the growing value we create.

Each year we strive to reduce our carbon footprint further, because we care about our impact on the environment, our communities and our people. To this end, we continue to invest in hybrid technologies, rigorous waste management processes and innovative digital solutions that will enhance the triple bottom-line performance of our business activities.

As we go forward, we will keep 'greening' our business—steering our course with a clear direction as we go into the year ahead.



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During the financial year in review too, SAGT continued to achieve a throughput beyond its original design capacity of 1.1million TEUs (Twenty-foot Equivalent Units), handling an annual throughout of 1.8 million TEUs. This volume was however an 11% decline from the previous year, mainly stemming from the impacts of the global pandemic on our customers' business and the Sri Lankan economy.

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ABOUT SAGT

Incorporated in 1999, South Asia Gateway Terminals (SAGT) is the first public private partnership container terminal in Sri Lanka, based at Port of Colombo. SAGT is considered a Board of Investment's (BOI) flagship entity. John Keells Holdings, A P Moller - Maersk Group, the Sri Lanka Ports Authority and Evergreen Marine Corporation are SAGT's key shareholders with a collective stake of 57% in the Company.

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SUSTAINABILITY HIGHLIGHTS



Total Carbon Footprint per box move (kg)

23.9



Electricity per box moved (kWh)

16.8

16

GOVERNANCE

SAGT's Corporate Governance framework is a well-structured one, with internal benchmarks, processes and structures that are designed to support the creation of sustainable value for all stakeholders.

48

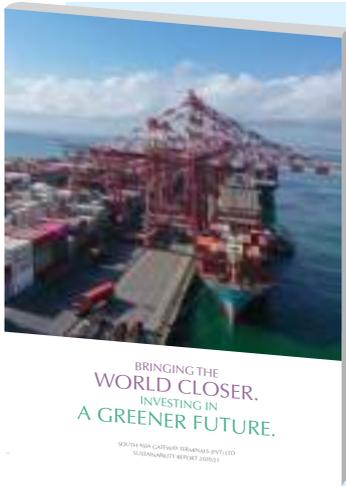
ASSURANCE STATEMENT

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GRI CONTENT INDEX

The sustainability information has been prepared in accordance with the GRI Standards: Core options of the Global Reporting Initiative (GRI) Sustainability Reporting Standard.

ABOUT THIS REPORT



This is the second consecutive annual sustainability report published by South Asia Gateway Terminals (Pvt) Ltd (SAGT), through which the Company aims to communicate the progress of its sustainability commitments for the period 01st April 2020 to 31st March 2021.

As in the first report published in the year 2019-20, SAGT continues to follow the disclosures set out by the Global Reporting Initiative (GRI) Standards as the basis of its sustainability reporting. Please refer the GRI Content Index on page 52 for the full list of disclosures referenced in this report.

The 'Sustainability Integration' section of this report outlines the operationalization of these themes in the day-to-day business through the Company's Sustainability Policy.

SCOPE AND BOUNDARY

This Report reflects SAGT's approach to embed Environmental, Social and Governance (ESG) standards to its core business operations to drive its triple-bottom-line performance. All sustainability information contained within this report is based on the Global Reporting Initiative (GRI) Standards: "Core" option.

The information and disclosures contained in this report are in adherence to GRI principles. Accordingly, key sustainability themes such as Materiality, Stakeholder inclusiveness and Sustainability context were determined based on the GRI principles.

The 'Sustainability Integration' section of this report outlines the operationalization of these themes in the day-to-day business through the Company's Sustainability Policy.

The 'Stakeholder Engagement' section of this report illustrates the methodology adopted by SAGT in identifying its key stakeholders and the manner in which SAGT engaged with them throughout the year.

The 'Material Topics' section on page 26 refers to the key sustainability topics addressed by SAGT's Sustainability Policy.

Key Sustainability Topics and Concerns' on pages 26-31 identifies the key sustainability topics operationalized and other areas that were prioritized for impact assessment resolution.

ASSURANCE

The information presented in this report has been reviewed by the senior management team of the Company and conforms to the methodologies discussed in the 'Corporate Governance' section of this report. The sustainability indicators, including the calculation methodologies, assumptions and estimations applied in their compilation are in accordance with GRI standard Guidelines as well as standard industry practices.

Furthermore, this report has been independently assured based on AA1000AS – Type 2 moderate level of assurance by DNVGL represented in Sri Lanka by DNVGL Business Assurance Lanka (Pvt) Ltd.

Applying the Precautionary Principle

SAGT's operational decisions are guided by the "Precautionary Principle". Hence, the Company considers resource consumption, environmental pollution and climate change as areas of high priority.

At minimum, SAGT ensures full compliance with all laws and regulations applicable to the business.

Beyond the statutory obligations, SAGT strives to benchmark industry norms and other global best practices.

CONTACT

We value your opinion to help us improve and progress in our approach to sustainability and sustainability communication and request that your comments and feedback be directed to: Sustainability@sagt.com.lk

CEO'S MESSAGE

Dear Stakeholder,

We are pleased to present the second sustainability report published by SAGT, demonstrating our commitment to drive and instil responsible and sustainable business practices in the Company.

For over two decades, SAGT has been at the forefront of embracing new possibilities and raising the bar for terminal operators in the South Asian region. In publishing our sustainability report for the second consecutive year, SAGT continues to establish our commitment to be an industry benchmark not only in Sri Lanka but also the region.

The Financial Year (FY) 2020/21 was a year like no other. As COVID-19 began to spread rapidly across the world, modern life as we knew it to be, almost came to a standstill. Whilst, air traffic was suspended, many land borders and road networks around the world were shut to curtail the spread of the pandemic. Shipping lanes, sea-trade routes and ports however, remained open and became an even more critical link to facilitate the distribution of essential goods around the world.

The Port of Colombo continued to deliver on its promise of being the primary transshipment hub port in the South Asian region. All terminal operators in the Port of Colombo very quickly redesigned and re-calibrated operations from April 2020 onwards to ensure the port offered uninterrupted services to its users in support of the global efforts to manage the pandemic. In this respect, the initial and ongoing leadership provided by the Sri Lanka Ports Authority to all operators in the Port of Colombo, when many ports around the world were faltering, is noteworthy and highly commendable.

During the financial year in review too, SAGT continued to achieve a throughput beyond its original design capacity of 1.1million TEUs (Twenty-foot Equivalent Units), handling an annual throughput of 1.8 million TEUs. This volume was however an 11% decline from the previous year, mainly stemming from

the impacts of the global pandemic on our customers' business and the Sri Lankan economy.

In this backdrop of chaos and uncertainty around the world, the manner in which Team SAGT and our stakeholders rallied together to respond to this global emergency with resilience, innovation and a natural willingness to care for colleagues whilst serving our customers and contributing meaningfully to help society respond and recover, is a matter of immense pride, confidence and a testament to the spirit of living our values.

SUSTAINABILITY AS A FULLY INTEGRATED BUSINESS PRIORITY

Even as urgent priorities of the pandemic and our business transformation have kept us busy in recent months, sustainability remained at the top of our agenda. Reinforcing our commitment and support to the principles of the United Nations Sustainable Development Goals (SDGs), we continued our efforts to integrate sustainability within our wider business strategy and objectives. During the period of review, we especially focused our efforts towards Goal 04 Quality Education, Goal 05 Gender Equality, Goal 08 Decent work and economic growth, Goal 13 Climate Action, Goal 14 Life below water and Goal 15 Life on land. To further strengthen our commitment and enhance results, we aspire to set elevated internal targets for our key sustainability goals.

SAGT's Sustainability Strategy, developed in 2018 outlines four fundamental priorities that are key in navigating us through our journey towards achieving our vision of being a sustainable, resilient, and trusted terminal partner. These fundamental priorities are;

1. Environment Stewardship
2. Enabling work environment focusing on well-being, Health & Safety and Security
3. Social Responsibility
4. Governance

Given the constantly evolving external landscape, we regularly review and update our Material Topics to take cognizance of both



current and emerging issues and their impact on the business, society, and environment.

Stakeholder engagement is an equally important priority in furthering our sustainability agenda. With the prevailing pandemic creating a paradox, where people were connecting more whilst maintaining physical distance, SAGT stepped up to the



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challenge by seeking new and 'virtual' ways to deepen "connections" with stakeholders. As SAGT remains engaged with the advancement of stakeholder interests, the opportunities arising out of the "new order", particularly with respect to productivity and efficiency gains through digitalisation, give us many reasons to be optimistic for the years ahead.

ENVIRONMENTAL STEWARDSHIP

SAGT's electricity consumption has been identified as a significant contributor towards its environmental impact. In the FY 2020/21, SAGT consumed 19,220,990 KWh of electricity from the National Grid, equating to 16.8 KWh of electricity consumption per box move. The electricity consumption during the year



1.8 million TEUs

For the year ended 31st March 2021



19,220,990 KWh

Electricity from the National Grid

increased by 9% year on year in total, which resulted in a 29% increase per box move compared to the previous year on the back of a lower number of containers handled during the year. The increase in total consumption was driven entirely by the greater volume and longer dwell time of customers' refrigerated containers passing through the terminal, which need to be kept 'plugged-in' and is not reflective of the terminal's direct electricity consumption. Electricity consumed excluding customer owned and operated refrigerated containers was 10,474,290 KWh, a year-on-year reduction of 2%.

During the FY 2020/21, SAGT consumed 56,953 m³ of water, a 2% reduction in total water consumption, but 49.7L of water per box move, a 14.7% increase in the consumption per box move resulting from a decrease in the TEU throughput compared to the previous year.

We are presently taking steps to reduce consumption where possible and develop greater resource efficiency, as means to improving these indicators in the years ahead.

CEO'S MESSAGE

Towards achieving this objective, the Company has completed the installation of water and electricity sub-metering to identify areas of high usage and to implement appropriate solutions and strive for greater employee participation through behavioural changes, as some of the measures towards conservation.

SAGT's carbon footprint in 2020/21 was 27,496 MT, a 2.4% increase year on year on the back of the increase in electricity consumed as a result of the increased number of customers' refrigerated containers handled during the year. It was encouraging to note that the carbon footprint excluding refrigerated containers, declined by 3% year on year which drop was reflective of the actions underway to mitigate our overall footprint.

Our efforts to proactively identify areas for improvement led us to explore a new, cutting edge, hybrid technology with next generation batteries, for Rubber Tyred Gantry Cranes (RTGs) to reduce our diesel consumption and in turn carbon footprint. A trial was initiated in November 2019 with the operationalization of two RTGs fitted with Hybrid engines. During the trial period of one year, diesel fuel consumption and cost savings of the two RTGs were closely monitored, and results indicated a 60% reduction in diesel fuel consumption per RTG compared to conventionally powered RTGs. Following the success of the trial, 4 more RTG's were fitted with Hybrid engines which were commissioned in the early part of 2021. We intend to convert 60% of our RTG fleet to hybrid technology by end 2021 and a total of 24 RTGs by 2022.

With a view to further offsetting the Company's carbon footprint, SAGT partnered with the University of Sri Jayewardenepura to reforest one acre of forest at the Yagirala Forest Reserve in 2019. The success of the initiative has led to SAGT furthering its commitment to the project with a pledge to reforest 4 acres of land by 2021.

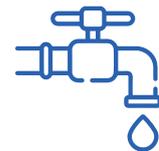


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ENABLING WORK ENVIRONMENT FOCUSING ON WELL-BEING, HEALTH & SAFETY AND SECURITY

Ensuring high levels of availability, service quality and customer satisfaction is key to our success in this globally competitive industry. With travel restrictions and social distancing protocols seriously inhibiting one aspect of the Company's service offering – that of giving delivery of import cargo to importers in Sri Lanka, SAGT implemented the e-Delivery Order (e-DO) and e-Delivery Advice (e-DA) processes in response to the need of the hour for uninterrupted and safe service.

The e-Delivery Order (e-DO) process enabled agents/representatives of shipping lines to transmit Delivery Orders to SAGT digitally, enabling the swift processing of documentation for the delivery of the import containers. Subsequently, SAGT transformed a decade long paper-based import delivery



56,953 m³

Total water consumption



27,496 MT

Carbon footprint

process through the launch of the Electronic Delivery Advice (e-DA), that permitted the issuance of e-DAs to Customs House Agents via email, enabling a contactless, remote release. The success of the e-DA process resulted in the introduction of an integrated secure online payment platform through an enhancement to SAGT's web-based e-Port facility. This enabled customers to calculate charges, generate their invoices and make payment online, all completely contactless and remote, with no necessity to visit the SAGT offices. This pandemic induced series of initiatives, which were innovatively adopted using digital technologies, was yet another first by SAGT and led the way for implementation by all terminal operators in the Port of Colombo. The success enabled SAGT to achieve new levels of operational and service excellence and efficiency that delivers greater value to our customers through innovation and digitalization, whilst achieving significant improvements in productivity and conservation of utilities and paper.

The year under review saw the beginning of what a sustained period of new investment to further develop and augment the terminal's infrastructure. SAGT ordered two (2) Ship-to-Shore (STS) cranes to enhance its operational efficiencies at the quay side, along with forty six (46) new prime movers.

These investments of over USD 18.2 Mn (approx. LKR 3.45billion), as capital expenditure during the year will positively augment SAGT's overall asset base. They also underscore our commitment to living our core values of safety, quality and customer service by benchmarking global maritime industry best practices, which in turn augment the Port of Colombo's position as a world class maritime hub port.

The wellbeing and safety of our employees and the communities in which we operate is a major priority for SAGT and has been embedded into our core values since inception. We proactively seek to provide a safe work environment that is respectful

and conducive to diversity and embraces opportunity for individual growth.

SAGT recorded a total workforce of 1521 persons during the period under review, consisting of 702 persons directly employed by SAGT and 819 contractor personnel. Workforce movements in the year saw 25 new hires and 05 resignations - an attrition rate of 0.7 %.

In another first for the Port of Colombo and as part of our commitment to our core value of safety first, SAGT invested in two (2) new Container Top Safety Work Cages (lashing cages) to enhance the safety of the container lashing/un-lashing crews engaged for operations working at heights on board vessels serviced by the Company.

An average of 6.5 hours of training per employee was carried out during the year with training requirements identified through technical requirements of roles (on the job training) and skills identified during the performance appraisals.

The Company is governed by world class and meticulous health and safety standards across its operations, thereby creating a safer, healthier environment for its workforce. SAGT continues to strive towards eliminating fatal and severe outcomes following accidents in the workplace through continuous and ongoing improvement. Increased employee collaboration and dialogue around safety topics to foster a stronger learning culture with clearly defined health and safety strategies, are a vital and ever-present element to driving necessary change at all levels of the business.

A total of 16 recordable injuries occurred during the year, with 64 lost days. There were no fatalities recorded during the year in review.

In the year under review, SAGT adopted a combination of remote and on-site working practices as a precautionary measure to prevent the spread of COVID-19 pandemic. The Company ensured "safe distancing" in the office and where possible implemented split teams and staggered working hours.

HIGHLIGHTS OF THE YEAR

- Infrastructure development over USD 18.2 Million
 - o Investments in H&S infrastructure:
 - Top safety work cages
 - o Investments in terminal infrastructure:
 - Ship-to-Shore (STS) quay cranes (QC)-2
 - Prime movers-46
 - o Investments in green technology:
 - Hybrid RTGs
- Continuation of monitoring SAGT's sustainability performance on a quarterly basis, identifying environmental and social risks and opportunities
- Internal process audits to ensure adherence to Sustainability SOPs
- Pandemic response including work from home, dedicated staff transport, vaccination drive and other social distancing and sanitization procedures

Employees reporting to the office were required to follow safety measures including mandatory mask wearing, daily temperature checks, self-health declarations before coming to work and disinfection of work and common areas after use. The company also took steps to establish and maintain sanitization points throughout the terminal, separators and shields in the dining rooms and common areas and allocated isolation containers for appropriate management of any possible cases.

All SAGT staff, as essential service providers, were offered the vaccination against the virus on priority basis during the government's Covid-19 vaccine roll out. The company partnered with a leading health care provider to set-up a mobile vaccination centre at the terminal premises itself. The vaccine drive was carried out over 4 days for both doses allowing access to all staff including staff working on

CEO'S MESSAGE



In an industry that is traditionally male dominant, SAGT actively advocates the promotion of gender balance and inclusivity

shift basis. I am pleased to note that 97% of SAGT staff have been administered both doses of the AstraZeneca vaccine. We are currently in discussions to offer staff the recommended booster.

In an industry that is traditionally male dominant, SAGT actively advocates the promotion of gender balance and inclusivity. A series of initiatives were introduced to bridge the gap including an internship program targeting female students at tertiary education level to inspire potential candidates to take up employment at SAGT and within the industry. SAGT is also a member of the 'SheWorks' program, a flagship initiative of the International Finance Corporation's (IFC) Women in Work program (WiW) which is aimed at increasing female employment across the Country. The partnership, supported by the Australian and UK governments,

works with 18 leading employers in Sri Lanka to implement measures proven to enhance employment opportunities for women.

To further reiterate our commitment to address the inherent gender disparity in our operation, we aim to increase the female participation within SAGT's workforce from just over 4% at present to 20% by 2025. SAGT continues to work alongside state and non-state stakeholders to lobby for amendments in law, rules and regulations that presently inhibit female participation in many roles within the port and terminal Industry in Sri Lanka.

Zero incidences of environmental and social non-compliances were reported during the period under review. The comprehensive disclosure presented in the latter sections of this report provides more detail on all relevant sustainability performance indicators.

SOCIAL RESPONSIBILITY

Our corporate social responsibility activities are curated to support local communities whilst addressing key issues of national importance including offsetting the impacts of our operations.

Throughout the year, SAGT was committed to extending our support towards all efforts in the fight against Covid-19. Team SAGT and the Company were among the earliest contributors of funds by the voluntary donation of a day's wage, with a matching donation from the Company, to the President's COVID-19 Fund. On several occasions the company contributed Personal Protective Equipment (PPE) to frontline and medical staff of designated hospitals. SAGT also collaborated with John Keells Foundation and Deutsche Bank to fund the Molecular Virology Laboratory at National Institute of Infectious Diseases (IDH) to increase the testing capacity in the country. Together with the Sri Lanka Ports Authority and other stakeholders in the Port of Colombo, SAGT contributed meaningfully to fund the setting up of an intermediate care centre with one thousand beds, established by the Sri Lanka Army under the auspices of the National COVID Task Force.

Furthermore, SAGT presented computers, sports equipment, and an entertainment unit to the Mission to Seafarers; whose aim is to promote mental health and wellbeing among the seafarers whose travel movements were restricted due to the closure of borders etc.

We are committed to playing our part not only as a business but as a member of society, and we will continue to support efforts to combat the spread of COVID-19 while enabling the movement of essential cargo around the world.

CORPORATE GOVERNANCE

As detailed in the relevant section of this report, SAGT's governance structures are well established and in keeping with global norms and best practices. With a wholly non-executive Board of Directors drawn from among all the shareholders providing overall strategic direction to the CEO and management team, the governance framework includes an audit committee with direct oversight of the internal audit function - despite being a private company, a senior management team and management committee headed by the CEO and departmental leadership teams headed by department heads, all with clearly articulated delegated decision rights.

In addition to a wide-ranging policy on health, safety and environment, SAGT also has a comprehensive policy against sexual harassment in the workplace, including access to an external Ombudsperson, policies on whistle-blowing and procurement; and a newly formulated supplier code of conduct rolled out during the year. These policies are widely publicised and available to all staff in both the English and Sinhala languages.

ACKNOWLEDGEMENTS

Since the latter part of 2019, the world has been upended by the COVID-19 pandemic, which has taken a heavy toll on global supply chains and trade. The vital role that the Port and Terminal sector plays in the global economy was accentuated, as it continued the supply of essential goods around the world.

As a key facility in a significant hub-port in the world of container shipping, we will undoubtedly continue play a role in the post-pandemic recovery to keep trade moving between nations. It is more important than ever that we operate in a responsible and sustainable manner, to increase resilience in a post-COVID-19 world.

I extend our appreciation to SAGT's customers, the company's shareholders, Board of Directors, Team SAGT and other stakeholders for their continued support to achieve our objectives and goals especially during these unprecedented times.

Looking ahead, we will stay strongly committed to the course, steered by our Core Values, while continuing to strengthen our position on key sustainability issues and communicating our progress openly and transparently.

I hope this report provides you with useful and relevant information on our sustainability commitments and activities. We look forward to continuing this journey with your support and to grow our future involvement together.



Romesh David
Chief Executive Officer

ABOUT SAGT

OUR PURPOSE

Empowering Sri Lanka's Hub Aspirations.

OUR VISION

To be the most trusted gateway in the Indian Ocean.

OUR MISSION

- To safely turnaround all ships within an optimum time (24x7x365)
- To empower employees and provide them with an exemplary work environment every day whilst forging sustainable and accountable growth as a team
- To continuously incorporate best practices and technologies across the business
- To be amongst the world's top 3 terminals by 2020

ESTABLISHED IN

1999

16M

ACCESS CHANNEL

15M

ALONGSIDE DEPTH

940M

QUAY LENGTH

03

BERTHS

5,544

GROUND SLOTS

540

REEFER POINTS

COMPANY PROFILE

South Asia Gateway Terminals Ltd (SAGT) is a Sri Lankan container terminal transportation operating shipping service Company located in the Port of Colombo. It is one of the four container terminals operating in Colombo Port and offers back-to-back connectivity with the new basin of the Port of Colombo that offers deep draft facilities. It is a private limited Company owned by the John Keells Holdings which is the major shareholder and hold 42% of Company ownership. The terminal also consists of other major shareholders such as Evergreen Group with 10% ownership, APM Terminals with 33% ownership and Sri Lanka Ports Authority with 15% ownership of the Company shares. Located on the main East-West shipping route with easy access to the coast of India, Bangladesh, Pakistan, Maldives as well as the entire Bay of Bengal region, the Colombo Port is ideally positioned to offer integrated port solutions to the container shipping and global maritime industry, and thereby serve as a key facilitator of trade for the South Asia region. SAGT was founded in 1999 as a joint venture on a 30-year Build Operate Transfer concession and started its operations on 5 September 1999 developing the Queen Elizabeth Quay in the Port of Colombo. SAGT is the largest private sector investment in Sri Lanka and is also the first public-private partnership unit container terminal in Sri Lanka. SAGT mainly serves as the transport sector to JKH Holdings. Since 1999, the terminal has been playing a vital major role in the facilitation of international trade through Sri Lanka and augmenting the capacity of the Colombo Port as South Asia's main trading hub. It is also affiliated with the Board of Investments as a flagship Company.

OUR CORE VALUES

SAGT's vision is underpinned by five core values that represent the principles on which the Company was founded. These five foundational tenets are cascaded down to operational level through our Business Credo, Code of Conduct and other policies.

 Safety

 Trust and Integrity

 Customer Centricity

 Excellence

 Team Work



The commitment to be a responsible corporate citizen is deeply embedded at SAGT and articulated in the vision and values of the Company.

ETHICAL AND INTEGRITY

Ethics and Integrity are the fundamental pillars that drives every aspect of SAGT's operations. Ethics and Integrity is enforced through the following Company-wide policies:

- Health, Safety & Environment Policy
- Whistleblowing Policy (pioneered at the Port of Colombo by SAGT)
- Anti-Sexual Harassment Policy (pioneered at the Port of Colombo by SAGT)

The commitment to be a responsible corporate citizen is deeply embedded at SAGT and articulated in the Vision and Values of the Company. In all its endeavours, SAGT focuses on creating a safe and healthy work environment, operational excellence and service delivery. By doing so, the Company ensures a positive impact on its many stakeholders, including businesses and local economies.

SAGT'S KEY PARTNERS- CONTAINER SHIPPING LINES - MAIN LINES AND FEEDER OPERATORS



KEY HIGHLIGHTS DURING THE YEAR

COVID-19 RESPONSES

The COVID-19 pandemic has caused massive disruption to business-as-usual and to people's lives and livelihoods. At SAGT we managed to adapt seamlessly thanks to our Business Continuity Plan and new ways of working.

CARING FOR EMPLOYEES

Policies and processes of the Company were redesigned in line with social distancing directives issued by the Sri Lankan government. A work from home policy and new work schedules were introduced in an effort to limit employee exposure to external sources.

Employees reporting to work were provided with personal protective equipment (PPE), while steps were taken to install hand sanitizers, footbaths and hand washing stations within the high footfall traffic areas in the terminal.

The Company initiated several measures to take care of employees and their close contacts who tested positive for COVID-19. A ration pack and hospital pack containing essential items was arranged for the employees who tested positive for COVID-19 or were in isolation. A COVID-19 counselling team was also formed to strengthen the

mental health of employees who have tested positive or in isolation.

Furthermore, a visitor management policy was introduced to limit non-essential employees and visitors from entering/exiting the terminal. Safety briefings containing COVID-19 related safety instructions were delivered to visitors via a video, limiting social interactions. Visitors were required to complete a digital Health declaration form prior to entering the terminal.

DIGITAL INITIATIVES TO SUPPORT CUSTOMERS



In keeping with social distancing directives of the new normal, SAGT was at the forefront of changing a decades old physical and paper-based import clearance process through the introduction of a simple email-based process for the processing of documents and issuance of electronic delivery advice (e-D/A). Following the success of the initial phase

of the project, SAGT thereafter introduced an electronic payment process for making payments online.

SAGT was also the first to adopt Blockchain Technology in Port of Colombo, through the collaboration with TradeLens, a digital platform jointly developed by A.P. Moller - Maersk and IBM. TradeLens is an interconnected ecosystem of supply chain partners and consolidates information from its partners for greater efficiency of supply chain activities.

OPERATIONAL INFRASTRUCTURE ENHANCEMENT AT SAGT

SAGT ordered 2 Ship-to-Shore (STS) quay cranes (QC) and 46 new prime movers to enhance its operational efficiencies at the quay side. Furthermore, two Container Top Safety Work Cages (CTS-WC) were commissioned to enhance the safety of its container lashing crew for operations on board.

SUPPORT FOR THE COMMUNITY

In this time of crisis, SAGT together with other private sector organisations supported the establishment of a Molecular Diagnostic Laboratory at the National Institute of Infectious Diseases (IDH) for the purpose of increasing Sri Lanka's COVID-19 testing capacity. SAGT also donated Personal Protective Equipment to frontline medical staff, showcasing its steadfast commitment towards corporate citizenship.

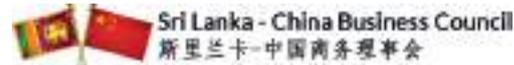
MEMBERSHIPS & ASSOCIATIONS

Partnering and collaborating with industry peers on common goals is a vital building block to creating a culture of sustainable development for all. In keeping with this belief, SAGT serves as an active member and/or partner of the trade industry organisations below:

- Ceylon Chamber of Commerce – Patron Member
- World Ocean Council – Member
- European Chamber of Commerce & Industry – Member
- Indo Lanka Chamber of Commerce & Industry – Executive Committee Member
- Sri Lanka, Australia, New Zealand Business Council – Executive Committee Member
- Sri Lanka China Business Council – Member
- Employers Federation of Ceylon – Member



The
Ceylon
Chamber of
Commerce



Senior Managers of SAGT play an active industry role as office bearers of the below mentioned trade/industry associations.

- Chairman of the National Agenda Committee of the Transport & Logistics – Ceylon Chamber of Commerce
- Vice President of the Association of Human Resources Professionals
- President of the Indo Lanka Chamber of Commerce & Industry
- Foundation Member- Sri Lanka Rugby, SLR
- Member of the Logistics Advisory Committee of the Export Development Board by appointment of the Minister of Trade
- Committee member of the Sri Lanka – China business council

SAGT has also entered into Partnerships with the following organisations:

- Chartered Institute of Logistics & Transport- Corporate Partner
- International Finance Corporation (IFC)- “SheWorks” Sri Lanka partnership Women in Work program- Corporate Partner
- Institute of Chartered Shipbrokers- Corporate Partnership
- Women’s International Shipping & Trading Association (WISTA)
- Women in Logistics and Transport (WILAT)

SUSTAINABILITY HIGHLIGHTS

	2020/2021	2019/2020	%
Employees			
Total Employees	702	702	-
Female Employee Ratio	4.5%	4.1%	▲
Total Workforce (including contractor's personnel)	1,521	1,558	▼
New Hires	25	75	▼
Total Attrition (Nos)	05	11	▼
Attrition Rate%	0.7	1.6	▼
Total training Hrs	4,545	13,214	▼
Average Training Hrs	6.5	18.8	▼
Incidents of Discrimination	0	0	-
Occupational Health and Safety			
Total incidents of Occupational Injuries	16	11	▲
Fatalities	0	01	▼
High-Consequence Injuries	0	0	-
Recordable Injuries	16	10	▲
No. of Lost days	64	08	▲

LABOUR PRACTICES AND SOCIAL RESPONSIBILITY

SUSTAINABILITY HIGHLIGHTS

	2020/2021	2019/2020	%
Material Usage & Waste Management			
RTG Tyres in Nos	43	84	▼+
PM Tyres in Nos	450	648	▼+
Lubricants in Litres	103,905	89,694	▲
Rope in Kgs	84,060	108,305	▼+
A4 Paper and Letter Heads (Nos. of 500 paged Reams)	3,137	2,210	▲-
Waste Generated (Kgs)	1,018,246	1,253,725	▼+
Waste Recycled, Recovered or Reused %			
Total Waste sent to Landfill (Kg)*	0	0	▼+
Total Hazardous waste (Kg)	70,460	80,335	▼+
Total Non-Hazardous Waste (Kg) **	947,786	1,173,390	▼+
Total Electricity Used (kWh)	19,220,990	17,569,148	▲-
Electricity kWh per Box moved	16.8	13.0	▲
Total Diesel Consumed (Litres)	6,165,137	6,397,321	▼+
Diesel usage (L) per Box moved	5.4	4.7	▲-
Total Petrol Consumed (Litres)	662	1,149	▼+
Petrol usage (L) per Box moved	0.0001	0.0001	
Total LPG usage (kg)	33,563	34,875	▼+
Total Energy consumed in GJ	257,841	259,013	▼+
Total Energy in GJ per Box Moved	0.22	0.19	
Scope 1 Carbon Footprint (MT)	13,962	14,489	▼+
Scope 2 Carbon Footprint (MT)	13,534	12,371	▲
Total Carbon Footprint (MT)	27,496	26,860	▲-
Total Carbon Footprint Kg per Box Move	23.9	19.8	▲-
Emissions of NOx, SOx and other air emissions	Within CEA tolerance limits	Within CEA tolerance limits	-
Water Withdrawn (m3) from non-water stressed areas	56,953	58,409	▼+
Water Withdrawn (L) per box moved	49.66	43.26	▲
Discharge quality of effluent	Within CEA tolerance limits	Within CEA tolerance limits	-
Total significant fines paid (LKR) ***			-
No. of significant spills ****			-

*Waste process Under further review

** Waste process Under further review

*** Significant fines are fines over Rs. 1Mn

**** Significant Spills are spills over 1 m³

GOVERNANCE

CORPORATE GOVERNANCE

SAGT's Corporate Governance framework is a well-structured one, with internal benchmarks, processes and structures that are designed to support the creation of sustainable value for all stakeholders.

The Corporate Governance System



- Approving in principle the issuance of any equity/debt securities.

The Executive Committee (ExCom)

The ExCom under the delegated authority of the Board is responsible for;

- Reviewing annual plans and long-term business plans and recommending the same to the Board.
- Tracking actual progress against plans.
- Ensuring operations are carried out within the scope of the Enterprise Risk Management (ERM) framework.
- Monitoring governance and compliance systems.
- Taking necessary action and decisions with regard to minimising economic, environmental and social impacts arising from the Company's operations.
- Reviewing major acquisitions, disposals and capital expenditure and recommending the same to the Board.

As per the Board-approved terms of reference, the duties and responsibilities of the Audit Committee broadly include;

- Reviewing the quarterly and annual financial statements to determine their completeness, accuracy, transparency, integrity and compliance with the Sri Lanka accounting standards as well as other applicable regulatory financial disclosure requirements.
- Assessing the adequacy and effectiveness of the Company's internal control environment and ensuring ongoing improvements are made based on the recommendation of the Internal Audit, Risk and Compliance Division.
- Evaluating the efficacy of the Company's risk management systems in monitoring and controlling risks.
- Reviewing the adequacy and effectiveness of the internal audit arrangements.
- Recommending the appointment, re-appointment and removal of the External Auditors by assessing their qualifications, expertise, resources and independence as well as reviewing the terms of engagement and determining appropriate remuneration.

The Board of Directors

The SAGT Board, as the highest governance body in the organisation is responsible for:

- Providing direction and guidance for the formulation of high-level, medium, and long-term strategies to spearhead the Company's growth trajectory in a sustainable manner.
- Approving annual plans and long-term business plans as recommended by the Executive Committee.
- Ensuring sustainability integration is reflected across management systems, internal control mechanisms and risk management frameworks.
- Authorising Board changes or changes to delegated authorities including the Executive Committee and Chief Executive Officer (CEO).
- Approving major acquisitions, disposals and capital expenditure as recommended by the Executive Committee.
- Approving any amendments to the concession agreement with SLPA.

The Audit Committee

The Audit Committee comprises 03 Non-Executive Directors, with at least one member having significant, recent and relevant financial management and accounting experience and a professional accounting qualification. The Head of the Internal Audit, Risk and Compliance division serves as the Secretary of the Audit Committee, while SAGT's CEO and Chief Financial Officer (CFO) are permanent invitees at all Committee meetings.

The scope of functions and responsibilities of the Audit Committee are adequately set out in the Board-approved terms of reference which is reviewed by the SAGT Board annually. The Committee's responsibilities pertain to the Company as a whole in discharging its duties.

The Role of the Audit Committee

The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities in relation to;

- the integrity of the financial statements of the Company,
- the internal control and risk management systems of the Company and its compliance with legal and regulatory requirements,
- the External Auditors' performance, qualifications and independence,
- and the adequacy and performance of the Internal Audit function undertaken by the Audit, Risk and Compliance division.

The scope of functions and responsibilities are adequately set out in the terms of reference of the Committee which has been approved by the Board and is reviewed annually. The Committee's responsibilities pertain to the Company as a whole in discharging its duties.

Internal Audit, Risk and Compliance Division

The Internal Audit, Risk and Compliance Division regularly reports to the Audit Committee on the adequacy and effectiveness of Company's internal control systems in line with established policies and procedures as well as on meeting SAGT's regulatory compliance requirements. Follow-up actions taken based on recommendations and any other significant matters are documented and presented to the Audit Committee every quarter by the Head of Audit, Risk and

Compliance. Internal Audit assignments are primarily outsourced to leading professional firms under the supervision of SAGT's Internal Audit, Risk and Compliance Division.

Matters related to Enterprise Risk Management also fall under the purview of the Head Internal of Audit, Risk and Compliance who is required to identify, assess and manage all significant risks faced by the Company. The Head Internal of Audit, Risk and Compliance reports to the Audit Committee and the Executive Committee regarding risk related matters.

The Head of Internal Audit, Risk and Compliance is further expected to obtain formal assurances every quarter from the Company's senior management, regarding the efficacy and status of the internal control and risk management systems, along with a confirmation regarding the status

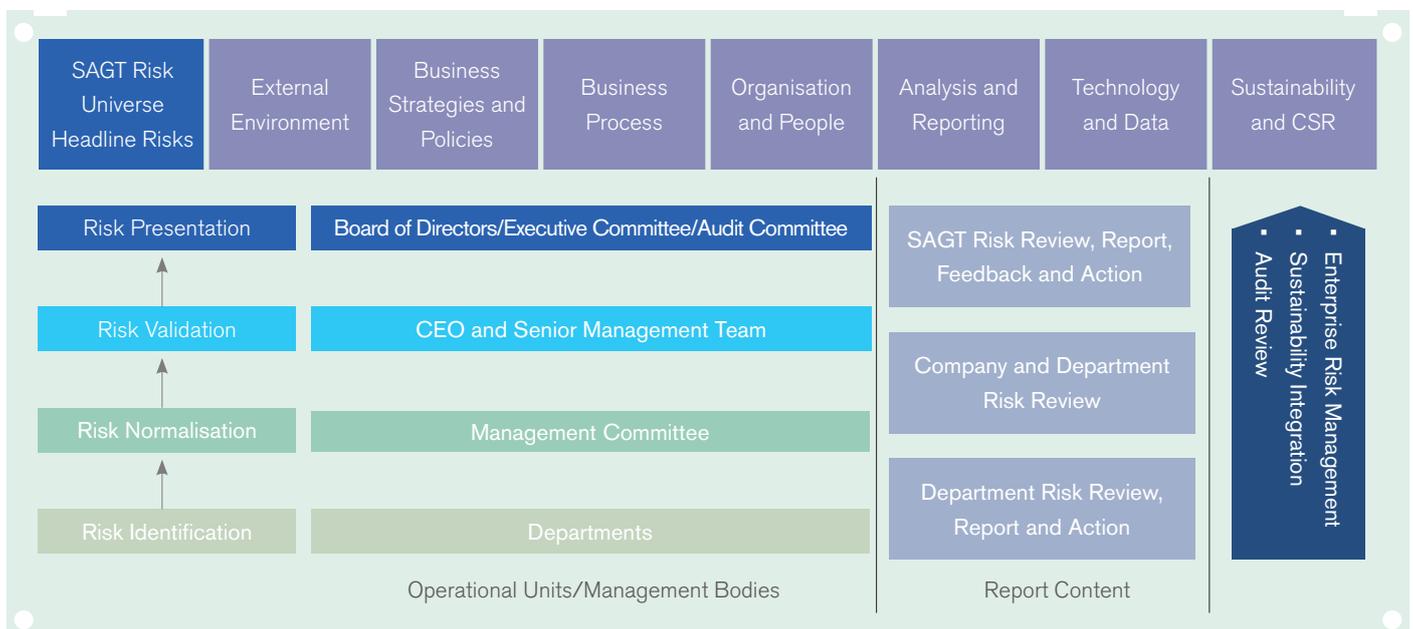
of compliance with applicable laws and regulations applicable to their respective oversight areas. The effectiveness and resource requirements of the Audit, Risk and Compliance division are reviewed by the Audit Committee and changes affected as needed.

Risk Management

Risk Management forms an integral part of SAGT's overall Governance Framework, working alongside other governance systems and processes.

Enterprise Risk Management (ERM) Process

The ERM process at SAGT takes a bottom-up approach and begins at a departmental level. The following diagram depicts the process flow of risk management activities and reporting across the organisation.



RISK MANAGEMENT STRATEGY

Prudent risk management is critical to SAGT's operations. Thus, a well-structured risk management process is in place to identify potential risks and ensure their mitigation. Risks are documented and recorded through the departmental Risk Control Self-Assessment (RCSA) documents and through the Company-wide RCSA, and the key risks thus identified are managed by –

1. Identifying any and all risks, the Company may face in striving to achieve its strategic and operational objectives
2. Assessing any existing processes/controls to mitigate relevant risks
3. Determining the level of each risk through a net risk rating where each individual risk is assessed to determine the likelihood of occurrence, the impact and its velocity within the Company's existing risk control framework
4. Identifying any further appropriate controls/improvements and mitigation strategies for each risk event
5. Assigning a Risk Owner for every risk event
6. Auditing all departmental RCSAs to ensure appropriate mitigation plans are in place at all times

GOVERNANCE

Risk Identification

Risk events are defined as events which, should they occur, may be detrimental to SAGT's ability to meet its stated objectives.

SAGT classifies risk events in the following ways:

- Common Risks – these are the risks commonly identified during departmental RCSAs. These risks are then incorporated into the Company's consolidated risk grid and are assigned a rating.
- Department-specific Risks – These are risks that apply to individual departments
- Core Risks – Core risks are defined as those that carry catastrophic impact both to and from the Company; typically, these risks are categorized as having a very low or nil probability of occurrence. These risks should they occur, are a threat to the sustainability or long-term viability of the business.

Risk Rating

SAGT applies a rating system to determine the level of risk of each risk event

- Likelihood of occurrence – the rating of the probability of occurrence from 1 to 5
- The severity of impact – the rating of the impact to the business from 1 to 5
- The velocity of risk – the assessment of the speed at which the impact of the risk would hit the organisation

'Residual Risk' is the overall level of risk assigned having given due consideration to all risk control and mitigation measures that are in place already.

Risk Mitigation and Monitoring

Within the risk management framework, each risk event identified will have a corresponding mitigation action, which may be classified as preventive, detective or corrective action. Each risk event is assigned a Risk Owner who is responsible for managing the particular risk and the plans to mitigate it.

Prudent risk management is critical to SAGT's operations; thus, a well-structured risk management process is in place to identify potential risks and ensure their mitigation.

Departmental RCSAs are reviewed every quarter; individuals departments hold responsibility for carrying out such review and communicating the status to the management committee so that individual risk ratings may be updated consolidating the Company's overall RSCA for the quarter.

Risk Reporting

The Head of Internal Audit Risk and Compliance is responsible for the tracking and analysis of changes in the SAGT risk rating system over time, as well as engaging in risk profiling and the tracking of incident reporting. Company-specific risks, as well as risks common to the sector and the industry are then analysed and reviewed by the Senior Management Team, the Executive Committee and finally by the Audit Committee.

Internal Compliance

The CEO and CFO confirm compliance with statutory and other regulatory procedures during a self-certification programme conducted quarterly. They are also required to identify any significant deviations from the expected norms.

System of Internal Control

Internal entail the Senior Management Team and Executive Committee together with the Head of the Internal Audit and the Risk and Compliance Division obtaining assurances on the presence and proper functioning of systems that are designed to safeguard the Company's assets.

The system of internal controls includes:

1. Clearing all transactional entries in a timely manner, and ensuring complete reconciliation,
2. Subjecting unreconciled and open entries to scrutiny and formally flagging them to the Audit Committee,
3. Ensuring the efficient management and tracking of cash and cheques deposits, in keeping with international best practices
4. Continuously streamlining the Internal Audit function by optimizing focus areas

Segregation of Duties (SoD) under Sarbanes-Oxley (SOX) Guidelines

The Company is aware of the need to ensure that no individual has unfettered system access to execute transactions across an entire organisation and as such has enforced critical approval linkages with a clear segregation of duties to prevent fraud, material misstatements, manipulation of financial statements and avoid the leakage of sensitive information to the public domain, among other things.

Senior Management Team (SMT) and Management Committee (MC)

The Company's SMT and MC are collectively responsible for carrying out monthly operational reviews, and productivity and efficiency reviews, as well as for the quarterly review of SAGT's economic, environmental and social impacts arising from the daily operations. The MC is further tasked with increasing engagement with the various internal stakeholders and in ensuring employee engagement and empowerment.

The underlying intention of forming the SMT and MC is to encourage responsibility and accountability at a more granular level by

assigning clear objectives for specific roles. The Senior Management Team consists of 09 members, including the CEO and relevant departmental GMs/DGMs (HR, Operations, Commercial & Marketing, I.T, Finance, Engineering).

The Management Committee consists of 20 Members including the CEO, all GMs and selected Managers across the Company. Out of the 20 members there is one female member, and the CEO chairs the committee.

The areas that come under the purview of the SMT / MC are the KPI's set out under SAGT's Sustainability Management Framework, including the Company's Carbon Footprint, Water Management, Energy Consumption, Health & Safety, Waste Management and other compliance based KPIs. Quarterly reviews of these indicators allow the SMT and MC to take corrective action with regard to any potential environmental and social risks, and also establishes the groundwork for implementation of green initiatives and systematically drive SAGT's Corporate Social Responsibility (CSR) agenda. A detailed overview of the Sustainability Management Framework is provided in the "Sustainability Integration" section of this Sustainability Report.

The SMT and MC meet regularly to discuss key areas under their purview and ensure ongoing improvement. The agendas of the SMT and the MC are carefully structured to avoid duplication of effort and to ensure that discussions and debates are complementary, both in terms of a bottom-up and top-down flow of information and accountability. Meeting schedules are communicated to the participants well in advance.

The Senior Management Team (SMT) meets on a daily basis, the Management Committee (MC) meets on a monthly basis. Owing to the COVID-19 pandemic, the daily SMT meetings were conducted via MS Teams. In the absence of a compelling reason, attendance at SMT and MC meetings was made mandatory for the respective Committee members.

GRI 205: Anti-Corruption Practices

At SAGT, sustainable economic performance enables the creation of greater stakeholder value. It is achieved by entrenching corporate governance, environmental stewardship and social responsibility of the very highest standards in our operations.

SAGT considers ethical business practices to be an organisational norm that trickles down from the top management down to the individual employee. SAGT's Code of Conduct is the key tool in reinforcing ethics and integrity. All new recruits are expected to read and sign their acceptance of SAGT's code of conduct along with their letter of appointment. They are also informed of remedial actions and disciplinary actions that would result from any violations of said code. Various channels, including the Company's Whistleblowing Policy is in place to allow employees to report any breaches of the code (with the assurance of non-disclosure). Alternatively, employees can report incidents directly to the CEO via email.

Meanwhile SAGT's zero tolerance approach towards corruption is enforced through the Company's Anti-Corruption Policy which contains guidelines and frameworks to enact disciplinary action, should the need arise. The risk of corruption is assessed as part of the risk management process at each business unit and preventative and mitigation plans are put in place to reduce such risks.

There were no incidences of corruption during the reporting year.

Stakeholder Engagement

The diversity of SAGT's stakeholder base necessitates interaction through multiple means using both formal and informal channels.

Many of these interactions are undertaken at regular intervals and in the spirit of transparency.

SAGT maintains formal contracts to engage with principal shipping lines while at an operational level, day-to-day interactions take place with their nominated representatives. Interactions with our providers of capital –primary shareholders and financiers - are continuous while disclosures therein go beyond statutory requirements.

Suppliers engage with SAGT's Procurement Division engages daily while the division makes effort to raise awareness about sustainability through focused engagement with significant suppliers. Further details on stakeholder engagement are provided in the 'Sustainability Integration' section of this report.

Understanding the specific concerns of stakeholders is important to determining SAGT's response. To this end, SAGT undertook an internal stakeholder engagement perception study in 2019. Details of this study including its methodology and outcomes are provided in the "Sustainability Integration" section of this report.

Employee engagement is driven through a comprehensive set of policies, processes and systems designed to ensure effective recruitment, development and retention of employees and to empower them in their roles. Employee engagement includes :

- i. Involving all levels of employees when departmental plans are formulated under the leadership of top management and other senior staff. By adopting a bottom-up approach, employees are empowered to become part of policy development.
- ii. Committee structures in practice allow all employees access to every level of management.
- iii. Employees are encouraged to express new ideas, constructive criticism and feedback through an open-door policy which serves as the basis of more informed decision making.

SUSTAINABILITY AT SAGT

SUSTAINABILITY INTEGRATION

Sustainability Strategy and Governance

Shipping and Port operations have long been the lifeblood of the global economy. Ports are an essential part of the shipping industry and seaports in particular remain the main nodules in the maritime transit network facilitating intercontinental trade. In global context seaports serve as points of convergence between the land and maritime domains of passengers and freight circulation. The global shipping and logistics industry which is responsible for the carriage of around 90% of world trade, relies heavily on the worldwide network of seaports to ensure global supply chains are up and running.

SAGT, as a major port terminal operator in the South Asian region, is proud of its role in connecting Sri Lanka with the world through new opportunities and world class experiences. To further build on the success achieved thus far, the Company has now set its sights on being recognised as the most trusted port terminal operator in the region. Stemming from this the Company's endeavouring to realign its sustainability credentials on par with global standards, which it is hoped will pave the way for SAGT to redefine its status quo and be known as the region's most sustainable port

terminal operator. SAGT has chosen the GRI Standards and the UN Sustainable Development Goals (UNSDG) as the basis of embedding sustainability at all levels of the operation.

Since declaring Sustainability to be one of its strategic imperatives, SAGT has focused on integrating sustainability within its wider business strategy in an effort to make a more impactful contribution to the Company's triple bottom line agenda. Accordingly, SAGT's sustainability strategy is designed to support the Company's business strategy vis-a-vis three key pillars: responsible economic contribution, environmental stewardship and social responsibility. Cascading from this, several key priorities have been identified under each pillar, to create a framework for sustainability at a granular level. These priorities are based on the Material sustainability topics that drive long-term value for the business and its stakeholders.

Material Topics are identified by engagement with the Company's stakeholders. SAGT believes that taking account of the interests of its stakeholders and their opinions is vital to ensuring the business grows sustainably over time. In an effort to understand the needs and expectations of stakeholders, SAGT employs a broad-based stakeholder engagement

framework to facilitate continuous and ongoing dialogues with its various stakeholder groups. These interactions have proven to be invaluable in identifying the significant economic, environmental and social aspects deemed relevant by the Company's key stakeholders. These aspects or Material Topics are then integrated into SAGT's strategy and necessary action is taken in line with the Management Approach specified for each Material Topic. Management Approaches are developed using the guidelines set out by the GRI Standards and the UN Sustainable Development Goals (UNSDG). These Management Approaches are reviewed annually by the Senior Management Team of SAGT, acting through the Management Committee and Sustainability Division, to ensure its effectiveness and applicability.

Material topics also provide the basis for measuring SAGT's sustainability performance to demonstrate the triple bottom line of the Company. Sustainability performance is monitored, analysed and reported periodically for decision making purposes.

This segment provides an overview of SAGT's strategic sustainability framework and showcases how sustainability is embedded across the business at all levels of operation.

SAGT is dedicated to enhancing stakeholder value creation by delivering sustainable economic performance in line with the highest standards of corporate governance, environmental stewardship, and social responsibility

OUR SUSTAINABILITY PRIORITIES

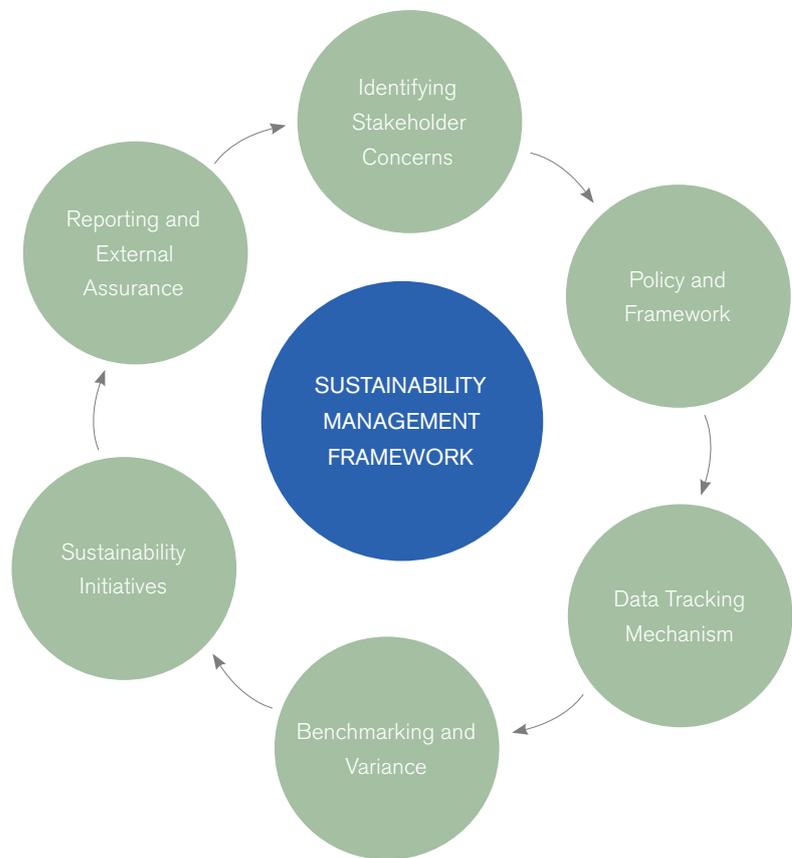
Environment Stewardship Materials Energy Water Emissions Effluents & Waste Environment Compliance Supplier Assessment	Corporate Governance Transparency Governance Accountability Stakeholder engagement Code of Conduct Sustainability Reporting	Social Responsibility Engagement Customer Privacy Socioeconomic Compliance	Enabling work environment with a focus on Wellbeing, Safety, Security & Health Employment Labour Relations Training Diversity & Equal Opportunity Non-Discrimination Freedom of association Forced & Compulsory Labour Occupational Health & Safety Customer Health & Safety Cyber Security Emergency Response
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SAGT'S SUSTAINABILITY POLICY

SAGT Sustainability Policy is anchored to the principles of ethics and good corporate behaviour. As such the Company remains committed to conduct its activities in accordance with the highest standards of corporate best practice and in compliance with all applicable local and international regulatory requirements and conventions. At the same time, the Company monitors and assesses the quality and environmental impact of its operations while striving to include its supply chain partners and customers where relevant and to the greatest possible degree. To further demonstrate its commitment to its partners and customers, the Company also maintains transparent communication regarding its environmental and social practices, in addition to its economic performance. This approach stems from SAGT's desire to see its customers and other stakeholders become integral players in SAGT's success story.

Moreover, the Company aims to be known as an employer of choice, by providing a safe, secure and non-discriminatory working environment for its employees, by safeguarding employee rights and also by providing all employees with equal opportunity for personal and professional growth. In this regard, SAGT complies with all applicable national laws. Beyond this, the Company strives to emulate global best practices, seeking continuous improvement of health and safety in the workplace. To spearhead this effort, the Company seeks dialogue with employees and stakeholders to continuously improve SAGT's alignment with global best practices.

As part of social responsibility commitments, SAGT contributes to the socio-economic development of society by through its efforts to support education and livelihood development.



The framework includes:

- I. Identifying and prioritizing sustainability focus areas: A Materiality Assessment is conducted to identify key stakeholders and their concerns, which are then prioritised alongside those issues considered important and impactful to SAGT. A materiality assessment was completed in 2019 and is reviewed on an ongoing basis.
- II. Implementing the policy and framework: The prioritized Material Topics become the basis of SAGT's targeted Sustainability Policy and Strategy which outlines the Company's overall approach to key sustainability areas, thereby setting the tone for the entire organisation and its employees. Following the rollout of the Sustainability Management Framework in 2019, SAGT has implemented several policies, management procedures and

SOPs with regard to sustainability, while remaining set of components is currently being reviewed and revised as necessary.

- III. Data Collection : The Company's sustainability policy necessitates capturing, monitoring and tracking relevant sustainability indicators. The data collection is driven by a Sustainability Performance tracking tool (the Sustainability Performance Analyser) deployed in 2019, which collects, consolidates, and analyses information related to sustainability, on a quarterly basis. The sustainability data thus gathered is compiled and analysed by the sustainability team. With effect from 2021 it was decided that sustainability data would be gathered on a monthly basis in addition to quarterly data in order to strengthen and improve the accuracy of data available.

SUSTAINABILITY AT SAGT

- IV. Benchmarking and variance control : On a continuous basis, SAGT benchmarks its sustainability performance against industry best practices and standards as well as competitor performance while also monitoring against internal goals and targets that may be set.
- V. Sustainability initiatives : SAGT undertakes various initiatives that address identified areas of concern. These department-level initiatives are designed to ensure continuous improvement of SAGT's overall sustainability performance with a view to achieving cost savings, efficiency improvements and stakeholder engagement.
- VI. Sustainability reporting : The Sustainability Framework entails annual disclosures on Sustainability performance. SAGT issues a report structured along the Global Reporting Initiative (GRI) Framework to holistically showcase the Company's Sustainability performance to internal and external stakeholders

SUSTAINABILITY ORGANISATIONAL STRUCTURE

The Sustainability Management Framework is delivered across the entire organisation via the Sustainability Organisational Structure detailed below.



SUSTAINABILITY MANAGEMENT ROLES AND RESPONSIBILITIES

CEO & Management Committee

The responsibility for the formulation of the Company's Sustainability Framework lies with the CEO of SAGT, acting through the Management Committee (MC). The CEO is responsible for developing policies and approaches, as well for fostering a culture of sustainability throughout the organisation

Sustainability Division

The Sustainability Division is tasked with operationalising the Sustainability Management Framework by embedding sustainability within the organisation's processes. The duties and responsibilities of the Sustainability Division include:

- i. Overseeing and managing the input and approval of quarterly sustainability data gathered via the Sustainability Performance Analyser and liaising with the key departments such as Engineering, HR, Operations, Security and Administration, Procurement, IT, Commercial and Marketing and Finance to ensure data pertaining to all sustainability areas (economic, environmental, employees, health & safety etc.) is captured in a timely manner.
- ii. Tracking, collating, analysing, and feeding sustainability data into the Sustainability Performance Analyser system on a quarterly basis to generate the internal sustainability report, prepared for the purpose of presenting the Company's sustainability performance to the CEO/ MC.
- iii. Facilitating the annual external assurance process, and the quarterly internal assurance audits to verify the completeness and accuracy of sustainability data, measurement processes and ensure adherence to Sustainability Standard Operating Procedures (SOPs).
- iv. Carrying out research on industry best practices, conducting benchmarking studies and gap analyses and defining sustainability goals and targets for the Company to work towards.
- v. Identifying new initiatives, process improvements and areas for cost savings, while working with key departments to implement these measures and maintaining follow up where appropriate.

- vi. Liaising with the marketing department to perform regular internal/external campaigns to raise awareness and engage staff on key sustainability initiatives, conducting knowledge-sharing sessions to educate department teams on current sustainability trends and best practices.
- vii. Liaising with risk functions to identify sustainability related risks that may arise internally and across the value chain; working alongside the relevant departments to assist identified suppliers to mitigate their potential sustainability risk and improve their sustainability performance over time.
- viii. Providing input to the CEO and MC on an annual basis, for the preparation of the Company's strategy and annual plans.
- ix. Providing input on sustainability impacts associated with new projects undertaken to ensure related risks are mitigated and environmentally friendly considerations are incorporated at the planning stage.
- x. Compiling and preparation of the Annual Sustainability Report.

Departments Based on the identified Material Topics and the selected disclosures, a sustainability champion is appointed within each department and tasked with implementing the sustainability management framework as relevant to the particular area. Departments, working through a designated sustainability champion will be responsible for:

- i. Tracking and recording sustainability data as per the detailed Sustainability Standard Operating Procedures.
- ii. Ensuring the timely entry of sustainability data into the system and ensuring accuracy of information entered.
- iii. Ensuring maintenance of source documentation/record books for purposes of internal sustainability assurance.
- iv. Working with the Sustainability Team in order to implement sustainability initiatives and carry out process improvements relevant to their respective department.

Furthermore, department teams are encouraged to work within the organisational value chain to improve sustainability performance by creating awareness and sharing knowledge on best practices in sustainability.

SUSTAINABILITY REPORTING

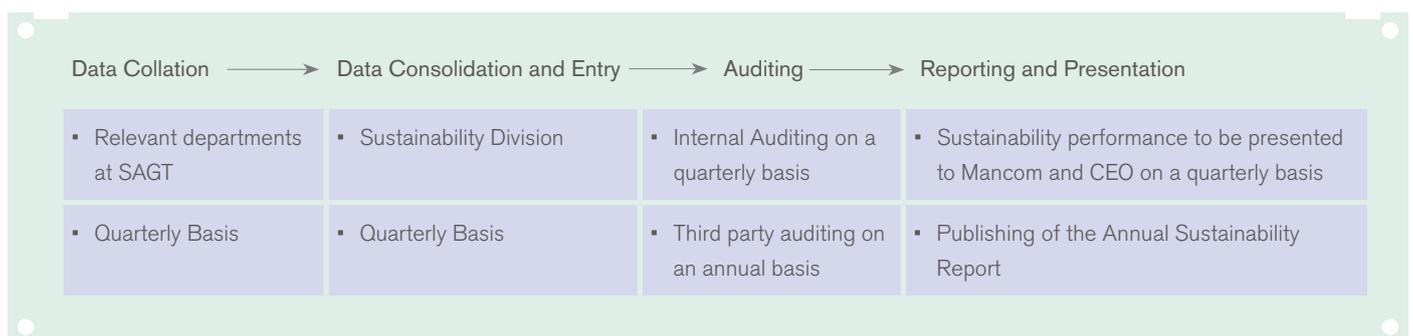
SAGT maintains a two-tier sustainability reporting approach;

External Reporting

External Reporting is through SAGT's Sustainability Report prepared annually, which encompasses all operations of the Company and aims to demonstrate SAGT's triple bottom line performance vis-a-vis the GRI sustainability reporting framework.

Internal Reporting Process

SAGT's issues a quarterly report internally on its sustainability performance; the report includes selected sustainability disclosures as per the GRI standards on matters identified during the Materiality Assessment. By the end of the next reporting cycle, SAGT plans to set internal targets and goals on each of these key sustainability topics.



Defining Report Content

This report discloses the ways in which SAGT has strived to achieve an improved holistic, triple-bottom line performance. It provides an overview of the Company's strategy, corporate governance framework, risk management process, and its environmental and social responsibility efforts. SAGT's strategic focus is achieving best-in-class service and the Company is driven by a passion to see its

customers and other stakeholders become integral players in its success story. Thus, this report also provides a clear, concise, and balanced overview of SAGT's performance towards its significant stakeholders.

While ensuring that it is in compliance with all regulatory requirements, SAGT makes every attempt to go over and beyond business standards required by local laws. The "Precautionary Principle" guides

SAGT's operational: high priority is afforded to resource consumption, environmental pollution and climate change. Stakeholder opinions, perspectives and concerns are key considerations in SAGT's assessment of its material topics and strategy. This is the second report published by the Company and there were no restatements or changes during the period of the sustainability data specified. The 2019/20 data provided in this report

SUSTAINABILITY AT SAGT

for purposes of comparative analysis was validated internally by management review.

Details on the methodology through which SAGT identifies stakeholders, engages

with them and the key sustainability topics identified through such engagement are provided in the "Stakeholder Engagement and Identification of Material Topics" section of this

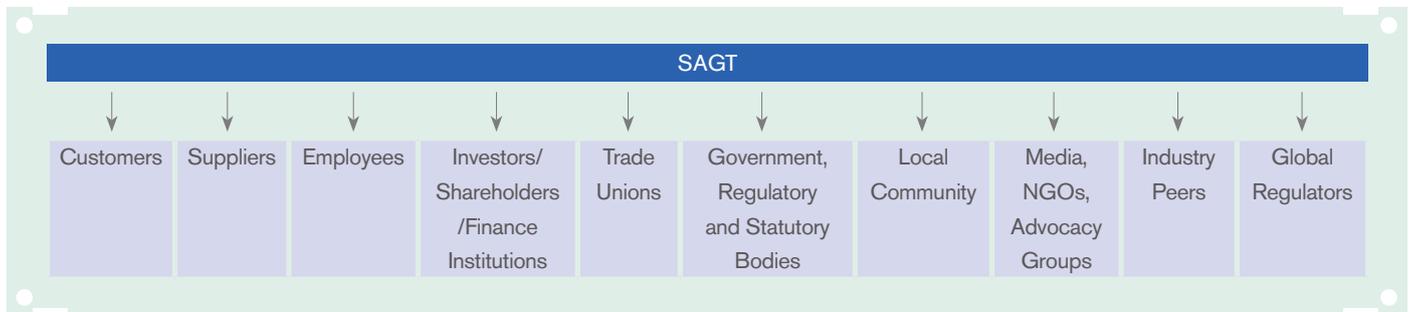
report. The section titled 'Key Sustainability Topics and Concerns' identifies the key sustainability topics and other areas that were prioritised for impact assessment resolution.

Stakeholder Engagement and Identification of Material Topics

Identification and Prioritisation of Stakeholders

Stakeholder Engagement is an important tenet of SAGT's sustainability strategy.

SAGT is committed to engaging with its stakeholders to understand and determine how their concerns can be addressed consistently through the day to day operations of the Company.



As a first step towards facilitating effective stakeholder engagement, the Company seeks to identify its primary stakeholders based on their ability to influence operations of SAGT and vice versa.

The process of identifying various stakeholder groups is based on discussions with key business units and operational departments. The first series of discussions were undertaken in 2018, in conjunction with the initial launch of SAGT's Sustainability

Strategy in that year. Stakeholders identified through the discussion process include: Internal stakeholders such as employees, and investors/ shareholders, and external stakeholders like customers, suppliers, debt providers, government regulators and statutory bodies, local communities, the media, competitors and global industry monitors. The listed stakeholders were then mapped based on an impact-influence matrix. It was noted that each stakeholder group consists of a

number of different sub-groups which may differ in terms of their impact-influence ratings.

Meanwhile, the fundamental impact-influence matrix for the broader stakeholder groups is used as the basis of designing a suitable engagement methodology, determining the basis of engagement and establishing the frequency of engagement as well as assigning responsibilities for implementing engagement activities and data gathering.

Stakeholder	Method of Engagement	Basis of Engagement	Frequency	Issues/ Concerns
Customers	<ul style="list-style-type: none"> - Materiality survey and interviews - Customer feedback - One-on-one communication - Sustainability Report 	<ul style="list-style-type: none"> - Meeting Minutes - Feedback Form - Emails, meetings, visits 	<ul style="list-style-type: none"> - Every 2-3 years - Annually - Regularly - Annually 	<ol style="list-style-type: none"> 1. Competitive pricing 2. Berth productivity/Reliability 3. CO2 Emissions
Suppliers	<ul style="list-style-type: none"> - Correspondence with major suppliers - Supplier audits - Sustainability Report 	<ul style="list-style-type: none"> - PO, Tender Documents - Supplier self-assessment Form 	<ul style="list-style-type: none"> - Ongoing - Annually - Annually 	<ul style="list-style-type: none"> - Price and Volume - Credit period - Longevity of contracts - Operational matters and business issues

Stakeholder	Method of Engagement	Basis of Engagement	Frequency	Issues/ Concerns
Employees	<ul style="list-style-type: none"> - Materiality survey and interviews - Townhall Sessions - Employee appraisals - Training and development programmes - Company events, - Toolbox meetings, - Surveys - Newsletters - Notice boards - Intranet and Social media platforms 	<ul style="list-style-type: none"> - Email - Meeting Minutes - Performance appraisal form - Survey Reports 	<ul style="list-style-type: none"> - Every 2 -3 years - Monthly - Annually - Ongoing - As needed - Weekly - As needed - Quarterly - Regularly - Ongoing 	<ul style="list-style-type: none"> - Salary/Benefits/Career development - Training and Development - Occupational Health and Safety (OHS) - Equal opportunities
Shareholders	<ul style="list-style-type: none"> - Materiality survey and interviews - Sustainability Report - Other interactions 	<ul style="list-style-type: none"> - Meeting Minutes - Email, meetings 	<ul style="list-style-type: none"> Board meeting thrice a year and Audit committee meeting 	<ul style="list-style-type: none"> - Dividend - Governance - Compliance - Timely information on business performance, strategy, operating landscape and business outlook
Trade Unions	<ul style="list-style-type: none"> - Meetings with trade union reps - Meeting with CEO - CA Discussion - Meeting with parent Union trade officials 	<ul style="list-style-type: none"> - Meeting Minutes - Correspondence, - Collective Agreement - MOU 	<ul style="list-style-type: none"> Monthly, Quarterly 	<ul style="list-style-type: none"> - Benefits/Rights for members - Compliance - Grievance Handling
Government	<ul style="list-style-type: none"> - Formal and Informal communication -Audits, - Joint Inspections - Other Meetings 	<ul style="list-style-type: none"> - Permission request letters - Agreement - Compliance licenses - Request Letters 	<ul style="list-style-type: none"> - As needed - Annually - Annually - As needed 	<ul style="list-style-type: none"> - Regulatory Compliance - Impact to Environment - Industrial Relations
Statutory Bodies	<ul style="list-style-type: none"> - Meetings - Compliance Audits 	<ul style="list-style-type: none"> - Survey Reports, - Inspection Reports, License Renewal documents, Audit Reports 	<ul style="list-style-type: none"> - Monthly, Annually - Annually 	<ul style="list-style-type: none"> - Environment Compliance - Employee health and safety - Equipment testing
Industry peers	<ul style="list-style-type: none"> - Meeting with working group levels (ITT) - Meetings to discuss/overcome operational issues - Other interactions 	<ul style="list-style-type: none"> - Meeting minutes - Circulars - Email and other correspondence 	<ul style="list-style-type: none"> - Daily - As needed - As needed 	<ul style="list-style-type: none"> - Cooperation - Ethical Business - Port strategies for Hub Status
Local Community	<ul style="list-style-type: none"> - Partnerships with Non-Profit Organisations - Community engagement and CSR programmes 	<ul style="list-style-type: none"> - Request Letters, - Agreements 	<ul style="list-style-type: none"> - As needed - As needed 	<ul style="list-style-type: none"> - Employment of Local - Training - CSR activities
Global industry monitors	<ul style="list-style-type: none"> - Meetings - Events 	<ul style="list-style-type: none"> - Letters, Emails 	<ul style="list-style-type: none"> - Annually - As needed 	<ul style="list-style-type: none"> - Environmental Impact - Cooperate Ethics - Social Responsibility

SUSTAINABILITY AT SAGT

Stakeholder	Method of Engagement	Basis of Engagement	Frequency	Issues/ Concerns
Media and NGOs	- Meetings - Other Interactions	- Meeting minutes, emails - Press releases, Reports	- Annually - As needed	- Reliability/Frequency of Engagement - Environmental Impact - Longevity of Partnerships
Debt Providers	- Meetings - Other Interactions	- Email and other correspondence	- As needed - As needed	- Saving/Borrowing Rate - Level of service - Payments

MATERIALITY ASSESSMENT

SAGT's Sustainability Strategy is based on Material Topics; that are deemed significant to the business as well as those considered to be important by the Company's stakeholders. Stakeholder opinions, perspectives and concerns are key considerations in SAGT's assessment of its Material Topics and strategy. As a leading terminal operator in the region, SAGT's business strategy incorporates concerns of its diverse stakeholder groups.

SAGT's Materiality determination process which was earlier based predominately on the GRI Standards was further refined in 2020 where key sustainability Material topics were disseminated based on the 5-part Materiality assessment as specified in the AccountAbility UK Standard AA1000AS. These results were then linked to the GRI standards, where the issues / concerns raised by each stakeholder group were contextualised using Global Reporting Initiative (GRI) Standards, and mapped against a corresponding sustainability

disclosure within the GRI standard, where available.

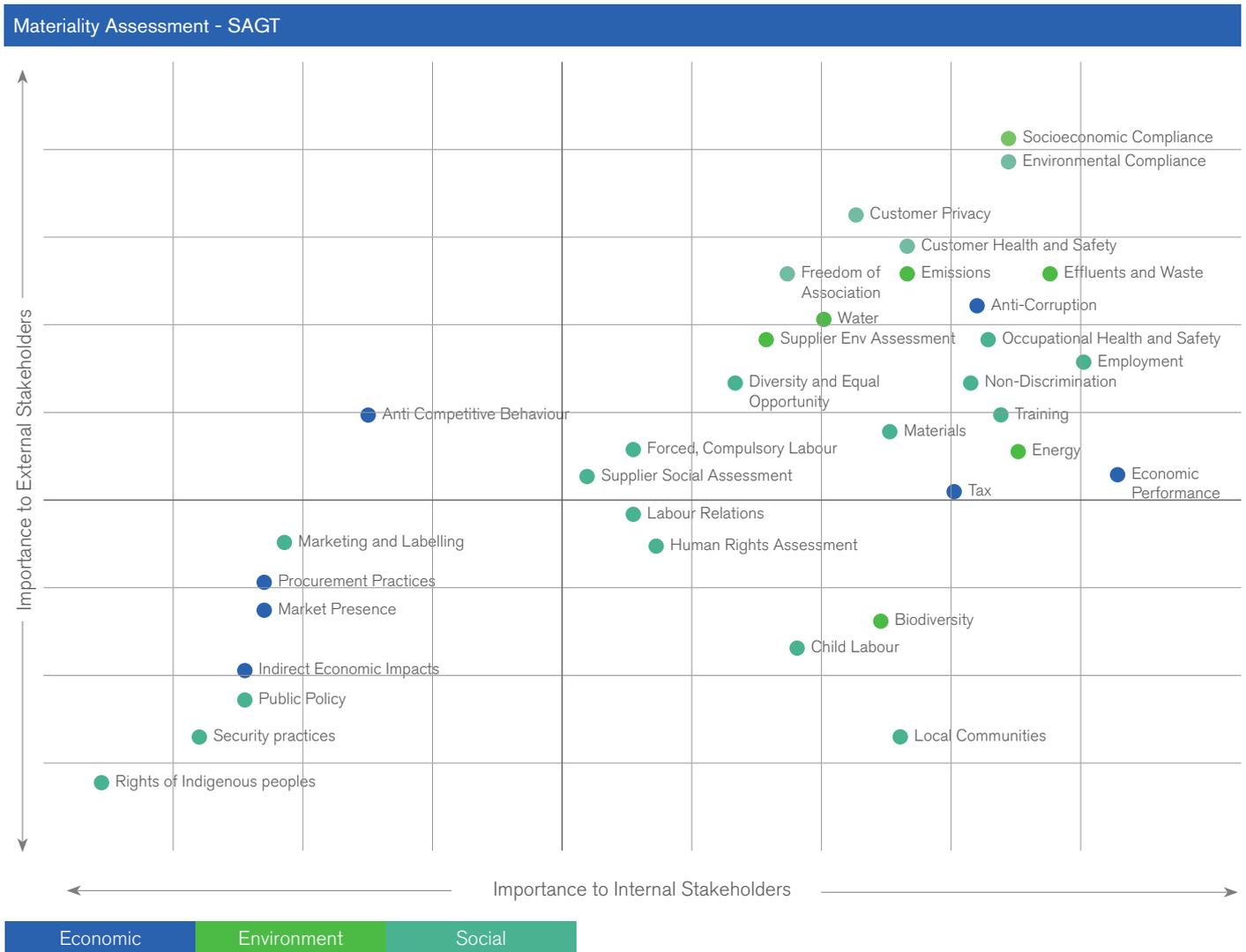
The following table lists the 31 GRI Topic Specific Disclosures under 18 GRI Topics selected by SAGT for internal reporting based on the results of the previously conducted Materiality Assessment. Encompassing Business-related (Economic), people-related (Social) and planet related (Environmental) aspects, these Material Topics underpin the Company's Sustainability Strategy.

No.	GRI Topic	Topic Specific Disclosures
1	205-Anti-corruption,2016	205-1: Operations assessed for risks related to corruption
2	301-Materials,2016	301-1: Materials used by weight or volume
3	302-Energy,2016	302-1: Energy Consumption within the Organisation
4	303-Water and effluents ,2018	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption
5	305-Emissions,2016	305-1: Direct (Scope 1) GHG emissions 305-2: Energy indirect (Scope 2) GHG emissions
6	306- Waste,2020	306-1: Waste generation and significant waste-related impacts 306-2: Management of significant waste-related impacts 306-3: Waste generated
7	307-Environmental Compliance,2016	307-1: Non-compliance with environmental laws and regulations
8	308-Supplier Environment Assessment,2016	308-1: New suppliers that were screened using environmental criteria
9	401-Employment,2016	401-1: New employee hires and employee turnover

No.	GRI Topic	Topic Specific Disclosures
10	403-Occupational Health & Safety,2018	<p>403-1 Occupational Health and Safety Management system</p> <p>403-2 Hazard identification, risk assessment and incident investigation</p> <p>403-3 Occupational health services</p> <p>403-4 Worker participation, consultation and communication on occupational Health and Safety</p> <p>403-5 Worker training on Occupational Health and Safety</p> <p>403-6 Promotion of worker health</p> <p>403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships</p> <p>403-9 Work related injuries</p>
11	404-Training and education ,2016	404-1: Average hours of training per year per employee
12	405-Diversity & Equal Opportunity,2016	405-1: Diversity of governance bodies and employees
13	406-Non-Discrimination,2016	406-1: Incidents of discrimination and actions taken
14	407-Freedom of Association and Collective Bargaining, 2016	407-1 Operations and suppliers in which the right to freedom of association and bargaining may be at risk
15	409-Forced or Compulsory Labour,2016	409-1: Operations and suppliers at significant risk for incidents of Forced or Compulsory Labour
16	416-Customer health and safety, 2016	416-2 Incidents of noncompliance concerning the Health and Safety impacts of products and services
17	418-Customer Privacy,2016	418-1: Substantiated complaints concerning breach of customer privacy and losses of customer data.
18	419-Socioeconomic Compliance,2016	419-1: Non-compliance with laws and regulations in the social and economic area

SUSTAINABILITY AT SAGT

According to the GRI standard, 18 topics and 31 Topic specific disclosures were found to be material for SAGT, all of which are addressed within this report, and are listed out in the materiality matrix shown below.



GRI SUSTAINABILITY DISCLOSURES

Summary of Management Approach Disclosures of identified Material Topics

A summary of the strategies and management approaches adopted by SAGT in managing its Material Topics is provided in the sustainability performance section in this report. The full disclosure of SAGT's Management Approaches can be found at www.sagt.com.lk/DMA

Responsible Economic Contribution

SAGT is committed to delivering sustainable economic performance and growth to all its stakeholders and in doing so strives to always do business the right way - in a responsible manner and in line with the highest standards of ethics and integrity at all times.

The Company complies with all anti-corruption legislation and has implemented an anti-corruption policy that serves as an overarching ethos for all employees. SAGT has a whistleblowing policy, which addresses legal and ethical violations vis-à-vis the published Code of Conduct for employees.

The impartiality of the Whistleblowing process is ensured through an independent Ombudsperson.

Environment Stewardship

SAGT's terminal operations consume non-renewable fossil fuels which are responsible for air pollutants and greenhouse gas (GHG) emissions. GHG emissions in terminal operations are mainly due to trucking and machinery operations. SAGT recognizes this to be its most significant environmental impact.

Having set a target of reducing its GHG emissions, SAGT installed two hybrid engines for the Rubber Tyred Gantry Crane (RTG) in

November 2019 with 20 more RTG engines slated for conversion in 2021.

The Company's other environmental impacts include water consumption, and the generation of hazardous and non-hazardous waste as well as the segregation and treatment of effluents.

A range of policies has been established to address these environmental concerns:

- I. Energy Conservation - by adopting green practices to minimise damage to the environment thereby lowering the Company's overall carbon footprint.
- II. Optimise water usage - by reducing the use and withdrawal of blue water sources as well as minimising water discharged to the environment by recycling and reusing water where possible. Furthermore, the Company ensures that the quality of water discharges are in line with Sri Lankan legislation and regulations.
- III. Minimising waste - by ensuring that all regulatory requirements are adhered to, in terms of disposal of hazardous and non-hazardous waste.
- IV. Furthermore, SAGT strives to reduce the volume of waste generated by promoting the 3R principles (Reduce, Reuse, Recycle).

The Company further aims to increase incineration to reduce the quantum of waste sent to landfills. SAGT also tracks and monitors all compliance requirements as per Sri Lankan legislation in relation to hazardous and non-hazardous waste as well as those related to operational health and safety incidents. The Company has invested in Secondary Containment Tanks, Oil Separators, Booms and Dispersants to minimise the risk of accidental spillage, and put in place Standard Operating Procedures (SOP's) to enable the immediate rectification of identified leaks.

To assist in addressing these environmental concerns in a more streamlined and systematic manner, SAGT has begun working to benchmark the best practices outlined under the ISO 14001 Environmental Management System certification, with a target of completing the certification requirements in the coming year.

Meanwhile, as a part of an ongoing effort to offset a portion of the Company's carbon footprint, SAGT also engages in and supports reforestation programmes.

Labour Practices and Social Responsibility

SAGT's Social considerations relate to the Company's employees as well as the wider community.

Employees are at the heart of SAGT's business. Creating a conducive work environment where all employees can thrive is therefore a foremost priority for the Company. As an employer of choice SAGT is committed to creating a safe and secure working environment that provides opportunities for every employee to be productive, earn a fair income and develop their skill set for career advancement in their chosen field, regardless of race, gender, nationality, religion, or any other status protected by law.

SAGT's recruitment and selection processes are fair and impartial and are conducted in a professional, timely and responsive manner in compliance with current employment legislation.

The Company endeavours to continuously develop these recruitment and selection practices to enable the incorporation of new ideas and approaches.

In adherence to its policy to "develop from within", existing employees are given priority to apply for new positions. In this regard, a mix of formal and informal hiring practices are followed to minimise the timeframe for integration and ease the transition for the employee. However, in the event a suitable candidate cannot be found from within SAGT, the Company will seek to recruit externally.

SAGT invests in training and development programmes to give its employees the opportunity to develop individual technical skills and soft skills needed to achieve both individual and organisational objectives. SAGT is committed to foster an inclusive work environment where all employees are treated with dignity and respect, feel valued for the work they do and experience a sense of belonging and self-worth. Providing a safe environment free from discrimination and any form of

harassment is one of SAGT's key priorities. The Company has a zero-tolerance policy for any form of sexual harassment in the workplace, with all allegations treated with utmost respect and confidence. No person will be victimised for lodging such a complaint.

Moreover, all complaints are promptly investigated, and persons found to be guilty subject to disciplinary action, up to and including dismissal from employment. Further reinforcing its commitment to respect the globally accepted human rights principles; the Company ensures that no employee is made to work against his/her will, nor to engage bonded/forced labour, nor be subjected to corporal punishment or coercion of any kind in the workplace.

SAGT places great importance on the health and safety of its employees, subcontractors, clients, customers, and agents, including the shipping lines that access the Company's terminal premises. Internally developed SOPs and guidelines, procedures and precautionary measures that focus on proactive risk management, continuous quality improvement and contingency planning is in place to ensure safe operations at the terminal to reduce avoidable injuries and minimize the risk of occupational illness. All Company employees are required to adhere to these SOPs without exception, while any third parties visiting the terminal are expected to adhere to the Company's health and safety policy. As part of its ongoing efforts to improve safety systems, SAGT intends to obtain the ISO 45000 certification in the coming year.

Meanwhile SAGT delivers on its promise to serve the wider society through its community programmes that focus on promoting gender equality and women empowerment, including through partnerships with a variety of local and international Non-Government Organisations (NGOs) and Government Organisations, sponsorships of academic projects and with the support of employee volunteering initiatives.

SUSTAINABILITY AT SAGT

SAGT's Commitment to the Sustainable Development Goals (SDGs)

The UN Agenda, with its 17 SDGs (Sustainable Development Goals) serves as a roadmap to build a better and more sustainable future by 2030 by addressing the world's most pressing economic, social and environmental issues.

Keen to position itself as a sustainability advocate, SAGT has incorporated the Sustainable Development Goals approved by the UN in September 2015 into its business strategy and Governance systems.



SUSTAINABILITY PERFORMANCE

Maritime transport is the backbone of the global economy, accounting for over 90% of cross-border trade. As the entry and exit points for cargo throughout the world, efficient Ports and Terminals are a vital component of the global supply chain. Sri Lanka's two major ports are the Port of Colombo and the Port of Hambantota in the south, both of which are well connected to Colombo Airport.

As a major maritime hub in the region, Sri Lanka offers:

- a strategic position in South Asia that provides access to the emerging economic giant India. India is on track to be the third largest economy in the world by 2030, after China and the US.
- exposure to China's Belt and Road Initiative through terminals in the Port of Colombo and the Port of Hambantota, both of which have attracted Chinese investment. China is one of Sri Lanka's key trading partners.
- the ability to reach Europe and the Middle East faster.
- Deepwater ports with the capacity to accommodate post panmax or triple 'E' class vessels.

Historically and even today, Sri Lanka's growth trajectory is anchored to the momentum in port activity. In 2018, the Port of Colombo (POC) alone handled seven million TEU containers, up from one million in 1995. In 2020 the Port of Colombo became the 18th best connected port in the world according to the United Nations Conference on Trade and Development's (UNCTAD) Port Liner Shipping Connectivity Index. Port of Colombo has improved five spots from its previous position in 2019. Furthermore POC maintained its place as the 22nd largest Port by container throughput as per Alphaliner Port rankings during the financial year 2020/21.

Currently SAGT handles 27% of the total volume of the Port of Colombo. During the current financial year, SAGT handled 1.81 million twenty-foot equivalent units (TEU's) with transshipment volumes accounting for 87% %of the total volume, in comparison to the 2.06million TEU's handled during the previous year, where transshipment volumes contributed to 81. % of the total volume.

In 2015, the Journal of Commerce in the US ranked SAGT as no 1 for terminal productivity in the South Asian region and the fourth most productive efficient terminal in the world.

During the year under review, SAGT continued to focus on improving the productivity of its operations through various cost management initiatives and productivity enhancing measures. These included the DGPS (Differential Global Positioning System) technology to accurately track container inventory in the yard, a critical factor in productive ship operations

Moreover, the use of specialized technology such as Prime Route and Expert Decking have allowed SAGT to drive efficiency while optimizing resources. SAGT has deployed the NAVIS N4 Terminal Operating System (TOS) for digitally capturing data covering the entire order cycle of the Port Terminal operation. Secure digital data sharing interfaces have been implemented with statutory agencies such as Sri Lanka Customs while paperless eCommerce facilities including electronic payment options are offered to customers and suppliers.

OPERATIONAL EXCELLENCE

With the world's merchant fleet expanding rapidly and ships getting larger, ports are under increasing pressure to boost capacity and improve efficiency. Ports and shipping are rapidly transformed by a range of technological innovations that aim to make operations greener, cheaper, and more efficient. At the same time, the COVID-19 pandemic has upended maritime transport and created unprecedented challenges.

Operating in what is perhaps one of the most dynamic and competitive global industries, SAGT is committed to offer world class customer service and operational excellence as the key differentiators of its value proposition.

With innovation and digital solutions offering new and imaginative ways to pursue operational and service excellence SAGT has embraced the opportunity to augment its services. There is ample evidence to suggest that technology can greatly improve the efficiency of maritime operations. Currently, shipping goods from a manufacturer to a consumer involves many stakeholders:

transporters, ports, Customs, etc. The shipping process involves the layers of paperwork and documentation at different stages requiring the input of multiple stakeholders including the Customs and Banks. This cumbersome manual process leads to delays in the clearance of cargo, which can all be avoided by integrating digital solutions such as Port Community Systems that offer seamless connection between the systems of multiple organisations and stakeholders to create a virtual ecosystem. Besides efficiency gains, digitization has the added benefit of minimizing the need for physical interactions—an important consideration in the context of COVID-19. The rise of e-documents, for instance, allows workers to complete formalities quickly without delays in handover of documents and in the convenience of their own homes.

As the pandemic raged on globally, the Sri Lankan government enforced country wide lockdowns to curb the virus spread in the Country. Despite the lockdown, the logistics and transport industries were declared essential services entrusted with the responsibility to facilitate the smooth transportation of food, healthcare items and other essential goods to meet the needs of all Sri Lankans. As a prominent transshipment hub in the region, it was also important for Sri Lankan ports to continue offering uninterrupted services to connect the east and west trade routes and facilitate the transportation of essential goods to destinations around the world.

Amidst this backdrop, SAGT as one of the four terminal operators in the Port of Colombo, continued to facilitate the movement of essential goods through the execution of its well-prepared business continuity plan (BCP).

At the same time SAGT expedited digitization efforts are aimed at building a solid backbone to facilitate proactive decision making and the flexibility to enhance existing business models and services, develop new ones through digital technologies, and ultimately to create new value for customers and the market.

Seeing as the traditional import clearance process was paper based and required customers to physically visit the respective terminal's documentation centre to lodge paperwork for delivery advice, SAGT implemented e-Delivery Order (e-DO) and e-Delivery Advice (e-DA) processes. The e-Delivery Order (e-DO) process enabled Shipping Lines' agents/representative to transmit Master Delivery Orders (Master Dos) to SAGT digitally, which is an essential document permitting SAGT to issue Custom House Agents (CHA) with electronic Delivery Advice (e-DA). e-DA is an email-based process for the submission of documents for an electronically transmitted delivery advice. The process allows SAGT customers to lodge applications at their convenience whilst at the comfort of their homes in order to obtain an e-Delivery Advice which could be emailed directly to the delivery truck. The new initiative was promoted across print, electronic and social media.

Following the success of the e-DA process, the digitization drive was further expanded with the introduction of the e-Port system to allow Custom House Agents (CHAs) to register via the SAGT website. The secure platform allows CHAs to login and calculate applicable storage charges and make payments online through the newly introduced payment gateway. The automatic reconciliation of payments and automatic generation of invoices via the system also enabled speedier customer service.

SAGT's digitization efforts, in particular the introduction of e-DO and e-DA processes have contributed towards growth of the national economy and proves SAGT's commitment towards SDG 8, SDG 9, and SDG 11.

ENVIRONMENTAL STEWARDSHIP

60%

of RTG fleet to be converted to Hybrid technology by the end of 2021

05

acres of land reforested at Yagirala Forest Reserve



ENVIRONMENTAL POLICY

SAGT is mindful of its impact to the environment and has instigated numerous policies to ensure the Company conducts its business in an environmentally sustainable manner. The Company at minimum adheres to all environmental regulations of the country.

SAGT takes its responsibility as an environmental steward seriously and undertakes to raise awareness and promote greater environmental responsibility among its stakeholders. Given SAGT's location within the Colombo Port, the Company's interaction with the surrounding community and its individual stakeholders is limited.

Premised on its Environmental Policy, SAGT is committed to incorporate environmental practices into the business strategy and operations. The Company adheres to all relevant local environmental laws and regulations and tracks its environmental performance every quarter, in alignment with the relevant GRI Standards. A comprehensive Sustainability Management Framework is in place, supported by a spreadsheet-based software tool for the purpose of data collation, analysis and reporting.

The Management Committee is informed of the results of the quarterly analysis and are expected to identify areas for improvement while recommending the implementation of appropriate actionable initiatives.

Environmental reporting and management methods are constantly being enhanced to ensure improvement in terms of day-to-day management and monitoring of environmental issues.

SAGT takes its responsibility as an environmental steward seriously and undertakes to raise awareness and promote greater environmental responsibility among its stakeholders. Given SAGT's location within the Colombo Port, the Company's interaction with the surrounding community and its individual stakeholders is limited. The Company has in place mechanisms to receive feedback from stakeholders regarding their grievances and potential environmental concerns they may have owing to SAGT's

terminal activities. Moreover, the Company also engages with regulatory bodies such as the Central Environmental Authority (CEA), Sri Lanka Ports Authority (SLPA), and the Marine Environment Protection Authority (MEPA).

From a climate change perspective, SAGT places risks mainly from impacts created by natural disasters such as floods, tidal waves, tsunami, cyclones, typhoons etc, and such risks are mitigated via infrastructure deployed on the terminal. The terminal owned engineering and design as well the comprehensive insurance port package which covers SAGT for all the above said risks including business interruption and terrorism.



SAGT Employees at the reforestation campaign held at Yagirala Forest Reserve

The Officer in Charge of Environment, Health & Safety, serves as the first point of contact for any environmental grievances and for liaising with regulatory authorities. The Officer in charge of Environment, Health & Safety who reports directly to the Management Committee, is required to keep the committee informed of any grievances raised by the community or regulators. It is the responsibility of the Management Committee to keep the CEO apprised accordingly. There were no grievances identified during the year.

In the year under review SAGT made some notable progress in streamlining its environmental stewardship model by taking the first steps in obtaining the ISO 14001 Environmental Management System certification, which will be completed by 2025, while simultaneously setting internal targets for key environmental indicators.

MATERIALS USAGE AT SAGT

GRI 301-1: Materials used by Weight or volume



Material consumption by weight or volume for the financial year 2020/21 and 2019/2020 is as below.

Non renewable Materials Used by Weight or Volume	Consumption in 2020/21	Consumption in 2019/20
RTG Tyres (Nos)	43	84
PM Tyres (Nos)	450	648
Lubricants (l)	103,905	89,694
Rope (Kg)	84,060	108,305
Stationery (in reams)	3,137	2,210

SAGT utilised 43 Rubber Tyre Gantry crane (RTG) Tyres and 450 Prime Mover Tyres during financial year 2021/21 while the total consumption of lubricant oil was 103,905 litres. During the year, 84,060 kilograms of ropes were used in operations in addition to 3137, 500 reams of paper. These materials are essential to SAGT's operations and services offered.

The 3R (Reduce, Reuse, Recycle) principles are applied throughout SAGT's operations with the aim of reducing the volume of non-recyclable materials used - reusing where feasible, and promoting composting techniques to minimize the volume of waste sent to landfills.

Through its commitment to the 3R principles, SAGT aligns itself with three SDGs and several underpinning targets, namely SDG 12: Responsible Consumption and Production, SDG 13: Climate Action and SDG 15: Life on Land.

ENVIRONMENTAL STEWARDSHIP

As part of the sustainability performance management system, the consumption of various materials is tracked and monitored, and flagged items communicated to the relevant decision-making bodies.

The procurement of Materials is centralised to ensure cost-effectiveness, improve efficiency of negotiations, and optimise usage. Materials are sourced via two primary channels: either directly through SAGT’s Supply Chain division or the Sourcing Initiative of the John Keells Group for specified items.

The Company’s Supply Chain Division maintains a supplier registry, where new suppliers are screened and on-boarded through a highly transparent supplier screening process that focuses on a wide range of aspects including social and environmental criteria. Currently, SAGT’s supply chain consists of equipment suppliers, maintenance service providers, manpower providers, waste disposal service providers as well as suppliers of fuel, stationery and other consumables totaling over 1244 registered suppliers. While most of SAGT’s equipment is sourced from large international suppliers, manpower, maintenance and other consumable items are sourced locally. Of the Company’s 1244 registered suppliers, 996 were local suppliers and 248 were international suppliers. Eighteen new suppliers were on-boarded in 2020. 68% of SAGT’s procurement spend for the year under review was on local suppliers.

ENERGY AND EMISSIONS MANAGEMENT

GRI 302-1: Energy Consumption within the Organisation



SAGT’s Energy and Emissions Policy is designed to conserve energy through green practices at all levels of the business and continuous monitoring of the energy and emission data pertaining to the Company.

SAGT applies the Green House Gas (GHG) protocol of the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), in measuring carbon emissions which serves as the basis for monitoring all electricity and fossil fuel consumed at SAGT. SAGT calculates its carbon footprint on the basis of carbon emission factors as set out in the IPCC guidelines for national greenhouse gas inventories published by the Institute of Global Environmental Strategies (IGES).

The Company’s carbon intensity is calculated based on the total number of boxes moved. This will form the base for carbon reduction targets in the forthcoming years.

Energy consumption in GJ at SAGT for the financial year 2020/21 and 2019/2020 is detailed below.

Total Power Consumed in GJ	GJ in FY 2020/21	GJ in FY 2019/20
Diesel	187,151	194,199
Petrol	18	32
LPG	1,476	1,533
Indirect Energy - National Grid	69,196	63,249

SAGT consumed a total of 6,165,137 litres of diesel in its operations, a 4 % reduction compared to the previous year. Approximately 63% of the total diesel used during the year was from the operation of Rubber Tyred Gantry cranes (RTGs). 33% of diesel used was to power Prime Movers while the balance was utilised by yard vehicles and other ancillary and support equipment. Yard vehicles consumed 190,387 litres of diesel, reflecting a 63% increase in consumption compared to the previous year. This increase mainly attributed to the increase in the yard vehicle fleet.

In addition, SAGT used 33,563 kg of LPG in its kitchens and staff canteens, a 4% decrease year on year. With the aim of reducing diesel

consumption and harmful CO₂, NO_x and SO_x emissions, SAGT initiated the installation of new hybrid engines on two RTGs in November 2019.

Since then, two hybrid engines were introduced as a pilot project and have successfully reported savings of 135,453 litres of diesel and a total cost saving of approximately LKR 14,046,700 for the period from November 2019 to March 2021. In light of the success achieved through this pilot project, SAGT expects to convert all 37 RTGs to hybrid engines by 2022.

SAGT consumed 19,220,990 KWh of electricity from the National Grid during the year, a 9% increase in overall electricity consumed from the previous year. The 19,220,990 KWh of electricity consumed in the current financial year is the equivalent of 16.8KWh of electricity consumed per box move, which represents a 29% increase per box move, in comparison to the previous fiscal year, the larger increase arising as a result of lower number of boxes moved during the year in comparison to the previous year.

Total Electricity Consumption at SAGT	2020/21	2019/2020
All QC (kWh)	6,905,037	7,433,388
All Reefers (kWh)	8,746,700	6,847,100
Yard/ Building(kWh)	3,569,253	3,288,660

Reefers consumed the largest share of electricity, amounting to over 46% of the total consumption. The total electricity consumed by all QCs was 6,905,037 kWh. Of this, Reefers consumed 8,746,700 units of electricity and the Administration Function/Yard activities accounted for 3,569,253 units. This indicated a 7% reduction in electricity consumed by all QCs, as well as a 28% increase in the consumption of electricity consumed by reefers and a 9% increase in consumption by the Administration Function/Yard, in comparison to the previous year. The increase in electricity consumed by reefers was a

result of reefer points being increased from 510 to 540 together with a 6% increase in the average number of reefers stored during the period in review.

As part of ongoing initiatives to reduce energy consumption, SAGT continues to invest in LED lighting and inverter air conditioners in all replacements. The Company also regularly conducts campaigns on energy conservation topics to raise awareness among the staff.

EMISSIONS MANAGEMENT AT SAGT

GRI 305-1: Direct (Scope 1) GHG Emissions

GRI 305-2: Energy indirect (Scope 2) GHG Emissions



SAGT's carbon footprint is made up of electricity from the national grid, followed by diesel, petrol, and natural gas consumption.

Sri Lanka's national grid is largely dependent on hydropower; therefore, it must be noted that the carbon footprint therein is significantly lower in comparison to countries producing power solely through fossil fuels.

SAGT's total carbon footprint (CO₂ footprint) for the current financial year was 27,496 MT, with Scope 1 and Scope 2 emissions accounting for 13,962 MT and 13,534 MT respectively. The increase in the carbon footprint was associated with the increased consumption of electricity during operational activities during the year in review.

Carbon footprint by Energy type	2020/21 (MT)	2019/2020 (MT)
Diesel	13,868	14,390
Petrol	1	2
LPG	93	97
Electricity	13,534	12,371

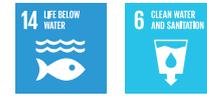
NO_x and SO_x emissions from the RTGs and Diesel generators are monitored on a bi-annual basis as required by Environmental Protection License (EPL) issued to SAGT by the Central Environmental Authority of Sri Lanka. SAGT's emission data indicates that NO_x and SO_x emissions were well within the stipulated quality levels.

SAGT is committed to reducing its overall carbon footprint; in this endeavour, the Company has aligned itself to three UN SDGs and their associated targets. By increasing its use of renewable energy and improving energy efficiency, SAGT contributes to SDG 7: Affordable and Clean Energy and SDG 9: Industry Innovation and Infrastructure. The Company supports SDG 13: Take Urgent Action to Combat Climate Change and its Impacts through the establishment of science-based targets that align with the Paris Agreement's ambitious goal of limiting global warming to 1.5°C above pre-industrial levels.

Reforestation is another area of interest for SAGT which has set a goal of 1:1 habitat restoration in the Yagiragala Forest Reserve by end 2021. The project launched in 2019 under the theme 'Beating Air Pollution' was originally aimed at planting 700 trees in a 1-acre land area in Yagirala in order to restore degraded forest patches with native floral species. SAGT expanded its commitment by undertaking to reforest an area up to 5 acres (3500 trees).

The health of the ocean and its ecosystems is vital for SAGT's operations and business continuity; the Company thus conducts annual coastal clean-up programmes at selected locations around the island. The programmes involve SAGT employees, relevant government organisations and the Sri Lanka Navy. The annual coastal cleanup for the year 2020/21 was not carried out due to the COVID-19 pandemic.

Management of Water & Effluents at SAGT



Water covers 70% of the planet but only 3% of the world's water is labelled as freshwater, of which almost two-thirds is tucked away in frozen glaciers or otherwise unavailable for use.

However, in recent years, countless rivers, lakes and aquifers have been drying up or becoming too polluted to be of any use, while many of the water systems that keep ecosystems thriving and feed a growing human population have become stressed. Today more than half the world's wetlands have disappeared or are disappearing. The situation is further exacerbated by climate change which is altering weather patterns and water resources around the world are increasingly affected by erratic weather causing droughts in some areas and floods in others.

To add to this, at the current consumption rate, it is estimated that two-thirds of the world's population may face water shortages as soon as 2025, raising concerns that ecosystems around the world will suffer even more.

SAGT's location Colombo is not classified as an area with water scarcity. Sri Lanka however has country-level water scarcity risk owing to severe drought conditions that have arisen in other parts of the country following the failure of consecutive monsoons in the recent past.

GRI 303-1: Interactions with water as a shared resource

SAGT water requirements are met though municipal water supplied through the National Water Supply and Drainage Board of Sri Lanka. Withdrawn water is utilized in the canteen, staff washrooms, and for washing and general cleaning of equipment and the terminal premises.

While SAGT's own water usage does not cause any direct water related impacts, the Company has undertaken measures to maximize water recycling to reduce its

ENVIRONMENTAL STEWARDSHIP

blue water intake. The Company's Water Management Policy mandates the optimisation of water withdrawn from all blue water sources by reducing consumption, reusing and recycling to the greatest extent possible. Water consumption is measured through water meters and where meters are unavailable, through estimates based on pump time. In 2020, flow meters were installed to regulate water consumption and minimise wastage at significant points of usage including staff changing rooms, machine washing bay, canteen, kitchen, contractor's changing rooms and the administrative office. Various other water saving mechanisms have also been installed over the years, based on the findings of the quarterly data collection and tracking process.

SAGT is now working on establishing specific water targets to support its overall approach towards achieving a demonstrable reduction in blue water withdrawal over time and in turn improving its alignment with UN SDG 6: Clean Water and Sanitation.

In the long term, the Company also intends to reinforce the importance of water conservation across its supply chain by raising awareness among supply chain partners and also by embedding water stewardship best practice into the supplier assessment criteria.

303-2: Management of water discharge-related impacts

SAGT's Water Management Policy specifies that effluent discharge should be undertaken in adherence to the quality levels stipulated by the Central Environmental Authority. The Environmental Protection License (EPL) Issued by the Central Environmental Authority and renewed annually, provides the foundation for the effective management of SAGT's water discharge related impacts. Accordingly, water used in the canteen and staff washrooms, as well as run off from equipment washing and general cleaning are all directed to an oil separator and thereafter

SAGT is now working on establishing specific water targets to support its overall approach towards achieving a demonstrable reduction in blue water withdrawal over time and in turn improving its alignment with UN SDG 6: Clean Water and Sanitation.

channeled to a dedicated Sewerage Treatment Plant (STP) located onsite. Output effluents from the STP are tested independently for the required discharge quality standards as per the tolerance levels permitted under the Environmental Protection License (EPL).

Discharge testing is carried out bi-annually by an independent third-party in line with the requirements of the EPL. SAGT remains fully compliant with all such requirements and no violations with regard to quality discharge were noted during the reporting year.

GRI 303-3: Water Withdrawal

SAGT procures from the National Water Supply and Drainage Board to meet its say to day water needs. The Company does not extract water from any other (ground or sea) sources and does not engage in rainwater harvesting. SAGT consumed 56,953 m³ of water in FY 2020/21, amounting to 49.7L of water per box move, which translates into a 2% reduction in total water consumption, but a 14.7 % increase in consumption per box move. This increase was mainly attributed to the reduction in the box moves during the year in review.

GRI 303-4: Water Discharge

The Company's Water Management Policy mandates that all effluents discharged to the environment should at a minimum, meet the discharge quality levels stipulated by regulators.

The sewerage and wastewater generated throughout the building and wastewater generated in the canteen and meal preparation areas treated through aerobic and anaerobic biological processes, while sludge

is disposed to third parties authorized by the Central Environment Authority.

SAGT treats its effluent discharge onsite in an Sewerage Treatment Plant (STP) with a treatment capacity of 120M³/ day and through a wastewater recycling plant which has a recycling capacity of 10M³/ day. Both in line with Central Environmental Authority guidelines, the plants continuously monitor the quality of treated water, which is reused to wash vehicles and for gardening. Almost 95% of SAGT's effluents are treated at the onsite STP with 5% of water discharged without treatment as permitted by the Environmental Protection License (EPL). As part of the EPL, Output effluents discharged from the STP are tested to measure its quality against the minimum tolerance levels for Biological Oxygen Demand (BOD), Chemical Oxygen Demand (COD), Total Suspended Solids (TSS), pH and Oil and Grease as specified under the EPL.

During the year, SAGT's total effluents discharge amounted to 40,150 m³.

No violations of the conditions of the Environmental Protection License (EPL) were noted during the reporting period.

GRI 303-5: Water Consumption

During the year in review, total fresh municipal water consumption amounted to 16,803m³.

The total water capacity of the water tanks utilised by SAGT is 100m³ and there were no changes to the capacity of water during the year in review. However, SAGT is currently in the process of undertaking a study in water balance to ascertain the total water discharge.



Oil water separator installed to capture runoff water

WASTE MANAGEMENT AT SAGT

The Waste Management Policy in force at SAGT is intended to minimize the waste generated; it ensures that at minimum, the Company adheres to all regulatory requirements on the disposal of hazardous and non-hazardous waste

GRI 306-1: Waste generation and significant waste-related impacts



With both Hazardous and Non-Hazardous waste being generated in its operations, SAGT continues to be cognizant of the need for responsible disposal of such waste streams. SAGT disposes of all its waste including that of vessels call at SAGT through 3rd party

waste disposal contractors approved by the Marine Pollution Prevention Authority (MPPA) and the Central Environmental Authority (CEA) of Sri Lanka, and only such certified waste disposal contractors are permitted within the Port of Colombo. While this ensures an automatic control of waste disposal, it also limits the direct involvement by SAGT with regard to upcycling and recycling of certain types of waste. The impacts of its waste streams include increased landfilling and the resultant environmental risks associated with such practice, while potential environmental risks may also arise in the event of the use of unsuitable disposal methods by the authorized third-party waste disposal contractors.

The non-hazardous waste streams generated by SAGT include food waste from the canteens, tyres from RTGs and Prime Movers, Scrap Iron and other general non-hazardous waste items, while hazardous waste streams include electronic waste, batteries, used

lubricants and oils, oil and grease mixed cotton waste, empty chemical containers etc., and arise as a result of SAGT's operations, with much lower waste generation arising from upstream and downstream value chain activities. SAGT has undertaken waste segregation of these streams and provides the waste to the authorized waste disposal contractors. The main form of waste disposal of non-hazardous waste remains as landfill by the said waste disposal contractors with some recycling being undertaken by them through recycling. Hazardous waste is governed by the Scheduled Waste Management regulations such waste is either recycled through other third parties or provided to approved collectors of such waste.

GRI 306-2: Management of significant waste-related impacts

SAGT has established a comprehensive waste segregation drive obtaining the expertise of the Central Environmental Authority during

ENVIRONMENTAL STEWARDSHIP

the year. Waste segregation is primarily segregated as hazardous and non-hazardous waste and include the specific waste streams mentioned previously under GRI 306-1 above.

With waste disposal undertaken by waste disposal contractors certified and authorized by the Marine Pollution Prevention Authority (MPPA) and the Central Environmental Authority (CEA) of Sri Lanka, SAGT believes the greatest positive impact it could make would be in the reduction of waste generated. Whilst materials such as tyres, lubricants, oils and chemicals are utilized solely on a maintenance schedule and based on equipment specifications, SAGT has taken several measures to minimize food waste by creating staff awareness and monitoring the daily food waste generated in the canteen.

SAGT is currently in the process of further streamlining its processes related to waste segregation and waste disposals as a part of its Sustainability Management Framework launched in the previous year. SAGT is cognizant that waste segregation, and implementation of best practice requires the behavioural and mindset changes of its staff, and towards this, has undertaken staff awareness campaigns as well as appointed dedicated staff to manage the waste collection and sorting areas within the premises. These personnel are responsible not only for the management and arranging disposal, but also for the collection of data and reporting such data to the Sustainability Division.

GRI 306-3: Waste Generated

The Company generated 1018.2 MT of waste during the financial year 2020/21. Of this, 70.4 MT was classified as hazardous waste and was disposed of via specialised third-party contractors.

Food waste amounted to 12% of the total waste generated during the year and was disposed through a third party and sent for animal feed or reused.



Chemical spillage control training provided to relevant staff

SAGT disposed of all other engineering and maintenance waste items through third party recyclers and suppliers who recover constituent components of such waste items.

Similarly, all hazardous and non-hazardous waste generated by the Company was disposed of through various third-party contractors who ensure their recovery, recycling or reuse.

While SAGT adheres to responsible waste disposal via its third-party partners, the Company also remains committed to reducing its use of non-recyclable materials, while reusing materials where possible and promoting recycling and compositing in order to minimise waste sent to landfills.

Through these initiatives, SAGT contributes to two SDGs, namely SDG 12: Responsible Consumption and Production, and SDG 15: Life on Land.

ENVIRONMENTAL COMPLIANCE AND SUPPLIER ASSESSMENT

GRI 307-1: Non-Compliance with environmental laws and regulations

SAGT makes no compromises in ensuring its compliance with all rules and regulations that apply to its operations. The Company has from the outset been in compliance with regulations that apply to accidental spills and other environmental issues. There is close and constant monitoring of any fines paid, spills and all other compliance related requirements as per Sri Lankan legislation as well as operational health and safety incidents.

During the year under review, SAGT did not record any significant spillage of chemicals, oils, fuel or waste oil arising from SAGT's operations. For the purpose of reporting, the Company defines significant spills as any spill that requires LKR 1 million to treat and clean.

No significant fines have been imposed on SAGT for non-adherence to Environment regulations. Significant fines are defined as any fine over LKR 1 million.

SAGT has undertaken a noise pollution study with a view to identifying areas of operation where noise levels combined with ambient noise levels are relatively high; once identified, the Company will take measures to reduce the overall noise levels, including equipment level initiatives such as harmonics.

GRI 308-1: New suppliers that were screened using environmental criteria



SAGT considers it a responsibility to improve sustainability integration across its value chain to ensure that its significant suppliers too progress on their sustainability journeys.

During the year SAGT launched the "SAGT Supplier Portal", a value-added service for paperless supplier registration and invoicing. The portal has offered solutions to practical issues faced due to travel restrictions by including tools such as host to host payments, paperless purchasing and online pay order processing.

Also, during the year SAGT launched its Supplier Code of Conduct and Supplier Self Declaration Form to inform as well as obtain adherence of its significant suppliers to environmental and social best practices while providing goods and services to SAGT.

SAGT defines a significant supplier as a supplier that is dedicated to SAGT or provides a significant portion of its goods and services only to SAGT, the top suppliers from a procurement value excluding international suppliers, and suppliers who have very little influence over SAGT's operations and vice versa, as well as suppliers that SAGT has

reason to believe may be at risk with regard to their operational impacts on environmental and social matters.

SAGT intends to work with its significant suppliers to ensure they too share the Company's commitment to sustainability best practices, including ensuring safe working conditions for their employees, ensuring workers are treated with respect and dignity, and conducting their operations in an environmentally responsible manner.

The following tools enable SAGT to enforce social and environmental best practices among significant suppliers;

- **The Supplier Code of Conduct** – The code sets forth SAGT's expectations from suppliers in social and environmental matters.
- **Supplier Self-Declaration** – Suppliers are expected to declare their operations are in full compliance with the applicable laws, rules, and regulations of the countries in which they operate.

It is planned that SAGT would audit sustainability performance of significant suppliers by conducting audits on randomly selected suppliers. In the year under review, SAGT has screened 10 suppliers out of 18 newly introduced suppliers for their environmental and social compliance through the supplier questionnaire.

LABOUR PRACTICES AND SOCIAL RESPONSIBILITY

0.7%

Attrition Rate

Share of women in executive roles increased from

11%-28%

2

female engineers employed for the first time

The responsibility to support and empower people and the community is enshrined in SAGT's core values, from where it cascades into the day-to-day operations through the Company's commitment to business integrity, openness, respect for universal human rights and labour principles including respect for diversity, individuality, and humanity of employees and across society at large.

SAGT is an equal opportunity employer. All employees are remunerated equally and in line with relevant labour laws and regulations. SAGT is compliant with Sri Lanka's legislative requirements covering benefit plans for employees and makes contributions to the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF), on behalf of all employees.

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SAGT recognises that respecting and protecting human rights is material to its employees, investors, customers, regulators, and the communities in which it operates.

The Company has in place policies and procedures to ensure that human rights principles such as forced labour and non-discrimination are continuously embedded and reinforced across SAGT's daily operations. Employees are made aware of these policies and the implications of potential violations thereof. Any new policies are introduced at the routine town hall meetings and subsequently communicated via email and notice board. The Company policies are hosted on the SAGT intranet platform, accessible only to employees, a summarised version of the Company policies is also included in the induction programme for new recruits.

In addition, periodic employee surveys are conducted in parallel with the SAGT training calendar, in order to identify areas of concern and potential conflict, while incidence of forced labour and other related human rights violations are tracked through the Company's sustainability performance evaluation of relevant GRI indicators.

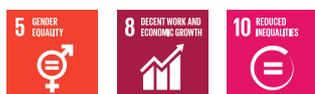


SAGT is an equal opportunity provider and encourage workplace diversity

EMPLOYEE DIVERSITY & EQUAL OPPORTUNITY

GRI 102-8: Information on Employees and Other Workers

GRI 405-1: Diversity of governance bodies and employees



SAGT is an equal opportunity employer. All employees are remunerated equally and in line with relevant labour laws and regulations. SAGT is compliant with Sri Lanka's legislative requirements covering benefit plans for employees and makes contributions to the Employees' Provident Fund (EPF) and the Employees' Trust Fund (ETF), on behalf of all employees. In accordance with the Gratuity Act No 12 of 1983, all employees with more than 5 years of service are entitled to retirement gratuity of half of their last drawn monthly salary for every year of service.

SAGT strives to be a conducive, respectful and safe work environment where all employees feel valued for their contribution. Diversity is nurtured and encouraged and supported by zero tolerance for discrimination. The Company does not discriminate against employees on the basis of age, gender, marital status, religious beliefs or any other status protected by law. This principle is applied to all HR processes such as recruitment, selection, training, development and promotion.

SAGT's employed 1,521 employees on its workforce as of 31st March 2021. Of these, 702 were permanent employees, 04 were on contract basis and the remaining 819 were subcontracted casual labour. All employees of SAGT reside in Sri Lanka.

Workforce by Employment	2020/21	2019/20
Total Permanent Employees	702	702
Total Contract Employees	4	2
Sub- Contract Casual Labour	819	856

Contractors' personnel reflected in the Sub-Contract Casual Labour contingent works alongside SAGT's own employees in the Company's workforce of Lashers, Quay Crane Drivers etc. The nature of their work requires a high degree of safety training, personal protective equipment and uniforms, which are proactively provided by SAGT. These workers also enjoy the same resting and canteen facilities as other staff members. SAGT engages with the manpower contractor to ensure that EPF and ETF contributions are made in a timely manner on behalf of

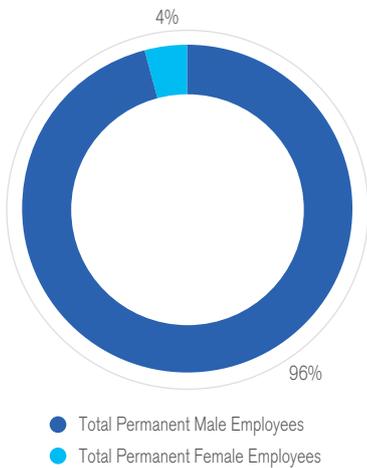
LABOUR PRACTICES AND SOCIAL RESPONSIBILITY

contracted personnel and validates the same with documentary evidence from the Contractor.

The graphs below show the diversity of SAGT's workforce based on age and gender.

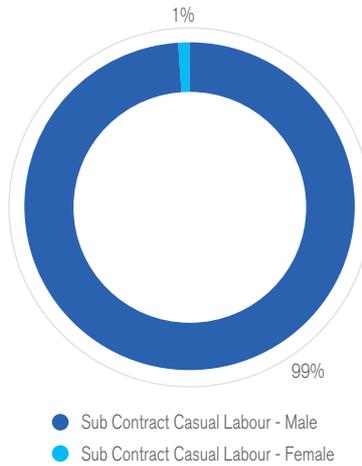
Employee Composition by Gender	2020/21	2019/20
Total	672	674
Permanent Employees - Male		
Total	30	28
Permanent Employees - Female		
Total	702	702
Permanent Employees		

Employee Composition by Gender

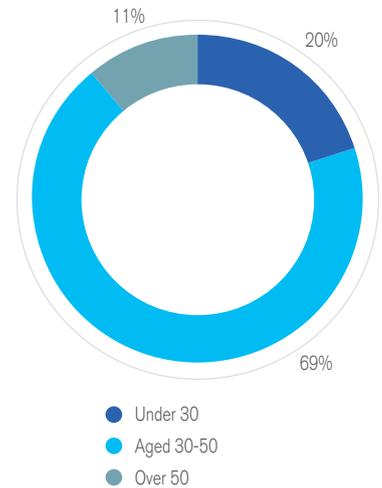


Contractor's Personnel by Gender	2020/21	2019/20
Subcontract Casual Labour - Male	812	846
Subcontract Casual Labour - Female	7	10
Total	819	856
Subcontract Casual Labour		

Contractor's Personnel by Gender

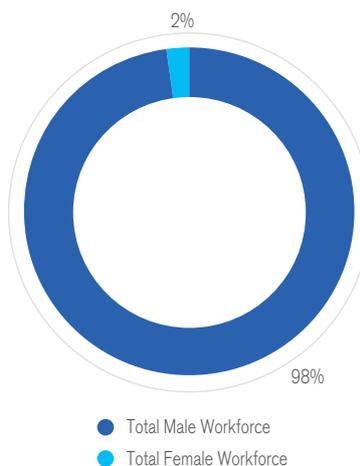


Total Employees - Age analysis



Workforce by Gender	2020/21	2019/20
Total Male Workforce	1484	1520
Total Female Workforce	37	38
Total Workforce	1521	1558

Workforce by Gender



Total Employees - Age analysis	2020/21	2019/20
Under 30	143	153
Aged 30-50	483	474
Over 50	76	75
Total	702	702

During the year, 5.2% of the Company's entire workforce were female; this includes 01 female representative on the Senior Management Committee, 02 Managers, 06 Assistant Managers, 18 Executives and 03 Non-Executives.

As a member of the SheWorks Sri Lanka campaign of the International Finance Corporation's (IFC) Women in Work programme (WiW), SAGT promotes the campaigns mandate to promote gender equality among the private sector workforce in Sri Lanka and find business solutions that help boost the quality and quantity of jobs for women and men. Working in an industry where globally, women's participation is at a mere 4%, SAGT has made concerted efforts to bring more women into the business through the introduction of targeted internship programmes at local universities. As a result of these initiatives, SAGT recruited two women to its engineering department – for the first time in two decades of operations.

As part of its commitment to creating "A Great Place to Work for All: Better for Business, Better for People, Better for the World", SAGT has participated in 'Great Place to Work' assessments since 2018. It is currently in the process of implementing the findings of the

last study undertaken. The partnership with GPTW has been of particular importance in implementing gender-smart actions in the workplace; these efforts have produced exceptional results and brought about significant changes.

By promoting workplace diversity, equal opportunity and non-discrimination, SAGT contributes to three SDGs and several targets therein, namely, SDG 05: Gender Equality, SDG 08: Decent Work and Economic Growth and SDG 10: Reduced Inequalities.

OCCUPATIONAL HEALTH AND SAFETY

SAGT's Safety Strategy is aimed at building the capacity to manage risks under variable conditions. The Safety Strategy is built around engaging with workers (employees and contractor's personnel), building capacity and promoting a learning culture. The Company's leadership provides oversight for implementing the Safety Strategy and for setting the tone from the top to promote the safety culture across the organisation. In this regard, the Company's leaders actively engage with front-line employees to build capacity and establish safety targets to address potential risk factors that can contribute to the occurrence of accidents, and to manage the outcome of the accidents when they do occur. The Safety Strategy includes regular safety training and emergency drills to ensure employees are aware of emergency procedures.

403-1 Occupational health and safety management system

SAGT manages health and safety in a systematic manner through a framework that includes a comprehensive Occupational Health and Safety Management System (OHSMS), accompanied by a Health & Safety Policy and Standard Operating Procedures (SOPs), which cover employees, contractor's personnel and any third party visiting SAGT premises. Sri Lanka's labour laws stipulate the safety of all workers and through the OHSMS, the Company meets and exceeds the statutory requirements.

SAGT operationalises the OHSMS across the Company via a dedicated Health & Safety Team, headed by a Manager.

The OHSMS undergoes internal and external audit and review by experts on the subject. The Company is working towards ISO 45000 certification for its health and safety systems.

403-2 Hazard identification, risk assessment, and incident investigation

All key facets of SAGT's operations are governed by a Hazard Identification Risk Assessment (HIRA) grid which was developed along best practice identified by global terminal operator A P Moller Terminals, which is a sponsor shareholder of SAGT. The grid targets five major risk categories - the "Fatal Five" - which are Transportation, Suspended Loads and Lifting, Working at Heights, Stored Energy and Control of Contractors.

All risks pertaining to these five critical areas are reviewed and inspected on an ongoing basis to ensure that the relevant SOPs are adhered to. It is compulsory that the Terminal Manager maintains a daily shift log, which records all details of any near misses or other safety breaches across the terminal during a particular shift. The shift log is updated twice daily at the end of each shift.

There is a formal system in place to deal with any instances of non-adherence to SOPs, near misses or incidences that may arise. Immediately after such an incident, the most senior executive on duty is required to launch an immediate investigation and file an initial Accident/Incident Investigation Report (AIR) which is complete with all details and photographs. The AIR is then widely circulated to all shift managers and corporate leadership in order to make every leader and supervisor immediately aware of the incident. An Incident Investigation Team (IIT) is then tasked with reviewing the AIR; the IIT will be composed of all relevant personnel within the chain of responsibility and chaired by the HSE Head. The IIT conducts a formal, documented inquiry into the incidents with a view to identifying the root cause. The findings of each IIT are used both to initiate any disciplinary action

and other action if necessary, and to further strengthen/amend the SOPs while increasing awareness on the importance of the SOPs. In incidents that involve any serious injury, a complete audit is carried out to review the Health & Safety practices surrounding the activity that led to the injury.

Safety briefings are undertaken as part of the daily toolbox meetings, while the entire terminal operation is covered by CCTV cameras enabling the Health & Safety Team to continuously monitor operations and ensure adherence to SOPs. Regular walk-around and inspections are carried out by the Health & Safety Team.

Meanwhile, every non-standard activity across the terminal is preceded by a formal documented Risk Assessment by all the relevant stakeholders associated in the activity. SOP's are in place to implement a colour card system of tagging malfunctioning equipment, or equipment requiring repair (Lock Out Tag Out - LOTO). This ensures there is no unintentional use of such equipment. Furthermore, all materials are stored with their Material Safety Data Sheets on display at the storage points and in high-risk areas safety hoarding.

SAGT deems it compulsory that personnel working or visiting any area outside the office, administration, resting and canteen areas of the facility must be clad in Personal Protective Equipment (PPE), safety shoes, hard hat and high visibility clothing, as a minimum. Depending on the type of work and the area of the terminal being accessed, the Company may also mandate other PPE accessories such as gloves, goggles and mufflers. All types of PPE in use at SAGT are of internationally certified standard. Reminders to wear relevant PPE, are displayed prominently at all key points.

403-3 Occupational health services

SAGT considers it imperative that the risks faced by workers in high-risk job categories are clearly identified, well documented and reviewed regularly. The Company has conducted a job-wise risk assessment to ensure these risks are effectively managed.

LABOUR PRACTICES AND SOCIAL RESPONSIBILITY

Job categories currently classified as high risk include Quay Crane Operators, RTG Operators, and maintenance staff. All those employed in these high-risk roles are required to complete a series of mandatory medical tests every two years; new recruits to these roles are only hired once the necessary medical clearances have been obtained.

A visiting Medical Doctor and a full-time medical emergency team as well as an onsite medical clinic are available, and any employee, contractor, or visitor to SAGT can access their services free of charge in case of an accident. The Company also engages workers on a continuous basis to ensure their stress levels and any phobias are identified on time. In the event any employee is found unsuitable for high-risk job categories, SAGT provides the employee with financial assistance and emotional support, if necessary, and assist such employees to adjust to an alternative role.

403-4 Worker participation, consultation, and communication on occupational health and safety

Workers across the Company are encouraged to get involved in health and safety matters. Employees have direct access to their supervisors as well as the Manager - Health & Safety should they need to discuss matters pertaining to their safety at work. They may also communicate their ideas and recommendations to the management via the suggestion boxes provided. Trade Unions are expected to communicate health and safety concerns in writing or at meetings.

Several committees hold overall responsibility for ensuring that SAGT complies with corporate and legislative obligations governing health and safety.

Emergency procedures are executed by the Emergency Response Teams (ERT) assigned to each shift. Such teams are made up of cross functional teams consisting of shift managers, executives, operation staff and technical staff, and are equipped to provide appropriate emergency procedures in their

respective work locations. Furthermore, the HSE Department promotes the safety culture through staff briefings, toolbox meetings as well as through electronic displays, notice boards, suggestion boxes and safety alerts via mobiles.

403-5 Worker training on occupational health and safety

Employees and contractors are provided with Health & Safety Training at regular intervals through scheduled programmes. This process is guided by the annual training plan developed by the HSE Manager and the Training and Development Manager, in consultation with respective Departmental Heads.

The annual plan entails drawing up a skills training matrix to cover individual training requirements; the plan is also updated based on actual incidents and/or near misses. Daily briefings carried out as part of the morning tool-box meetings also serve as an important training opportunity.

Employees engaged in high-risk jobs are given customized training in safe handling and maintenance of equipment. The Company draws upon internal resource persons as well as external subject matter experts to conduct the specialized training. In addition, all visitors to SAGT's terminal premises, irrespective of the purpose, are required to adhere to the Health & Safety SOP of SAGT, which includes a mandatory safety briefing.

403-6 Promotion of worker health

Workers in high-risk job categories have to undergo a mandatory medical check once every two years. All expenses in this regard are borne by the Company. While such medical checks predominantly cover the suitability for the job, it also highlights the workers' overall health and general fitness level. Further, the Company works directly with Contractors to ensure personnel deployed by such contractors also receive similar medical checks. Wellness programs are provided based on the findings from these medical checks.

403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

SAGT's comprehensive OHSMS consists of a framework of SOPs and practices which have been developed to ensure the safety of employees, contracted workers and any third-party visitors at the Company's premises at any given time. All workers on-site, irrespective of their employment contract, are provided training in health and safety while third parties receive a mandatory safety briefing before they enter SAGT premises. The in-house medical facilities are extended to all workers and visitors in the event of any accident. Regular medical checks are conducted for staff and contract workers, by the Company and contractors respectively. The Health, Safety and Environment Department has provided continuous training online during the pandemic.

GRI 403-9: Work Related Injuries

Safety is a core value at SAGT. As such, the Company seeks to minimise any avoidable injuries and occupational illnesses, providing a safe and secure work environment through the adoption of sound risk management principles.

The Company expects its employees follow sound safety principles, while any third parties visiting the premises are required to follow SAGT's Health & Safety policy.

Recordable Injuries

There were no fatalities or high consequence injuries that were recorded among SAGT employees in the FY 2020/21. However, 16 recordable injuries (injuries that require a recovery time greater than 1 day and less than 6 months) were noted across both employees and subcontractors' personnel categories, which resulted in 64 lost days for the year. This represented a 70% increase in recordable injuries and this significant increase is mainly due to a single employee sustaining an injury which resulted in greater number of lost days. Of the aforementioned injuries, 5 were recorded among employees, while the balance was recorded by sub-contractor's personnel.

The total work-related injury rate among employees was 0.71 per 100 employees, while the total work-related injury rate for contractor's personnel was 1.3 per 100 contractor's personnel. The overall injury rate was recorded at 1.1 per 100 workers.

Occupational injuries or diseases that result in an employee being unable to report to work for less than one day are categorized as minor injuries and excluded from the injury rate calculations. However, SAGT maintains records of such injuries.

A series of new health and safety measures were introduced at SAGT in response to the COVID-19 pandemic. Among these measures were daily temperature checks; compulsory health declaration required of all permanent employees, contract employees and visitors; disinfection of all containers and public areas and the provision of disposable masks and gloves for employees to wear on Company premises. As per the advice of health authorities, the Company also set up isolation chambers on the premises.

Given the risks associated with the type of interactions that take place during day to day operations, conducted a successful vaccination program for its employees and subcontracted casual labour. All employees and subcontract casual labour who had consented to be vaccinated were administered both doses of the Oxford-AstraZeneca vaccine. The Company also conducted a series of COVID-19 awareness sessions to inform employees on the procedures to be followed in the event a positive patient is found at the workplace.

SAGT's Dangerous Cargo SOP lays out procedure in handling Dangerous Cargo (DG). At the outset, Dangerous Cargo is segregated within the SAGT yard in compliance with international standards and recommendations. During segregation, DG containers must maintain a specific distance between incompatible dangerous goods as per IMDG/ UN classifications and also in accordance with



SAGT commissioned two Container Top Safety Work Cages (CTS-WC) to enhance the safety of its container lashing crew for operations on board.

IMDG recommendations. The carrier and the shipper of such cargo are expected to ensure that all Dangerous Goods containers delivered to the SAGT terminal are appropriately marked, labelled, and placarded in accordance with IMDG/UN classifications so that they can be identified easily and segregated properly.

For the first time in the Port of Colombo, SAGT commissioned two Container Top Safety Work Cages for the safety of the container lashing crew. These safety cages allow lashing contractors to carry out on-board container lashing operations even in extreme weather conditions such as rain and wind.

TRAINING AND DEVELOPMENT

GRI 404-1: Average hours of training per year per employee



The Training and Development Policy is designed to develop technical skills and soft skills of each employee to help facilitate the achievement of individual and organisational objectives. The core objectives of the training and development programmes is to retain a stable talent base that will allow SAGT to sustain its competitive edge over time.

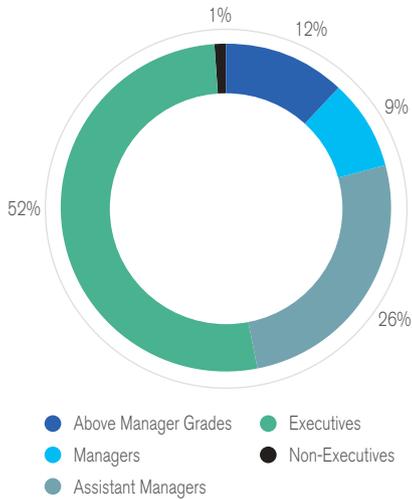
Training requirements are identified as part of the annual performance appraisal undertaken for SAGT's Executive and Non-Executive staff members. The SAGT performance management system includes a self-appraisal feature through which employees may request training for themselves while their supervisors can nominate employees for training where necessary.

Training hours provided during the year totalled 4,545 hours; this was a reduced number compared to previous years and can be attributed to the inability to conduct training for large groups due to COVID-19 restrictions preventing large gatherings. On average, SAGT provided 6.5 hours of training per employee, with an average of 5.9 hours of training for male employees and 19.6 hours dedicated for female staff.

Employee Training Hours	2020/21	2019/20
Above Manager grades	41	276
Managers	545	1481
Assistant Managers	418	585
Executives	1200	1824
Non-Executives	2341	9048
Total Training Hours	4545	13214

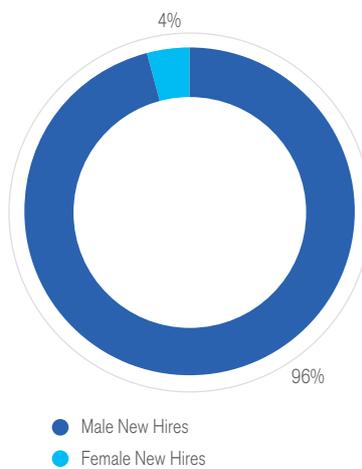
LABOUR PRACTICES AND SOCIAL RESPONSIBILITY

Employee Training Hours



New Hires by Gender	2020/21	2019/2020
Male New Hires	23	68
Female New Hires	2	7

New Hires by Gender

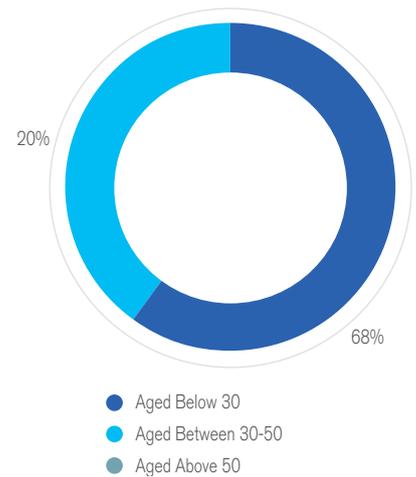


The total number of personnel leaving employment during the period under review was 05 (FY 2019/20: 11). The total new hires leaving employment was 02 (FY 2019/20: 0).

The following graph illustrates SAGT's attrition by age.

Attrition by Age	2020/21	2019/2020
Aged below 30	3	3
Aged between 30 and 50	2	7
Aged above 50	0	1

Attrition by Age



SAGT's crane simulator, which provides a realistic reproduction of the visual, behavioural and operational characteristics of Quay Cranes, is a useful tool where inexperienced trainee operators can develop skills before moving on to live equipment. The simulator can be programmed to the two crane models in use at SAGT and allows operators to learn intuitively. The simulator is also used to carry out assessments during recruitment.

TALENT MANAGEMENT

GRI 401-1: New employee hires and employee turnover

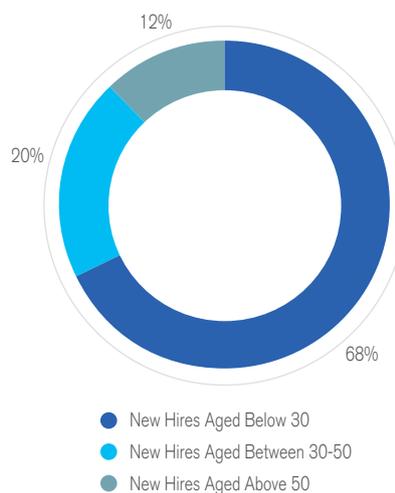


SAGT continuously tracks and monitors key labour indicators including new hires and attrition, and their composition in terms of gender and age group etc.

Total new hires during the period stood at 25, of which 21 employees were hired on a permanent basis and 04 members taken in on a contract basis. Of the new hires, 23 were male, while 02 were female. The total number of attritions during the period was 05; SAGT maintained its attrition rate at 1.6 percent.

New Hires by Age Group	2020/21	2019/2020
New Hires aged below 30	17	47
New Hires aged between 30 and 50	5	25
New Hires aged above 50	3	3

New Hires - by Age Group



The Engineering department has since 2008 offered training opportunities to students in technical fields. They are offered a comprehensive training programme under the guidance of qualified staff, with the objective of absorbing them into the permanent cadre whenever opportunities arise. Many former trainees have gone on to successfully join the Company's engineering cadre.

The Company also introduced a policy to support and reimburse Postgraduate studies and Professional memberships with the intention of supporting personal development and career growth of the employees.

GRI 406-1: Incidents of discrimination and actions taken

It is SAGT's intent to provide a safe and secure working environment that allows every employee the opportunity to be productive, earn a fair income and develop their skill set for career advancement in their chosen field, regardless of race, gender, nationality, religion, or any other factor. In 2019, SAGT also introduced its Anti-Sexual Harassment Policy and Whistle-blowing Policy in 2019 – a first for any organisation within the Port of Colombo. During the period under review, there were no incidents reported under the Company's whistle blowing policy. One incident recorded under the Anti sexual harassment policy was reviewed and successfully resolved by the Management during the year.

GRI 407-1 Operations and suppliers in which the right to freedom of association and bargaining may be at risk

SAGT stands by its employees' right to freedom of association and any employee is therefore free to join an industrial association and take industrial action when required, in conformance with the laws of the Country. During the year under review, 80.63% of SAGT's employees belonged to trade unions, with which the Company maintains cordial relationships. SAGT also intends to assess Freedom of Association risks in its supply chain partners in future.

FORCED OR COMPULSORY LABOUR**GRI 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labour**

No employee is made to work against his/her will, nor are they made to work in the capacity of bonded/forced labour. SAGT ensures that no members of its workforce are subject to corporal punishment or coercion of any kind at the workplace.

During the year under review, zero instances of forced and compulsory labour have been recorded.

CUSTOMER HEALTH & SAFETY**GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services**

SAGT's health and safety policy enshrines the critical need to ensure the health and safety of its customers. The Company's HSMS has established separate standard operating procedures to assure the safety of customers, agents of shipping lines and other third parties that visit SAGT premises.

The HSMS seeks to minimise any avoidable injuries and adopts preventative maintenance, hazard assessment and mitigation to provide a safe and secure environment while continuous engaging stakeholders to build a strong safety culture. The Company also periodically tracks and monitors its level of emergency preparedness and security protection along with any reported customer health and safety incidents. During the year, there have been no complaints filed against SAGT's health and safety practices by shipping lines and shipping agents.

However, in the year under review, 24 violations were recorded of third parties not adhering to SAGT's health and safety policies. Accordingly, the Company is working to revamp its safety briefings for third parties entering the premises to reinforce their adherence to the Company's safety SOP's.

CUSTOMER PRIVACY**GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data**

The confidentiality of customers' personal information is a priority and is maintained at SAGT through a range of IT system controls, and regular audits that ensure the adequacy of security measures in place. The Sustainability Division monitors any instances of loss of data and privacy and customer complaints therein on a quarterly basis.

The Company had not recorded any complaints with respect to breach of customer privacy during the year under review.

SOCIO - ECONOMIC COMPLIANCE**419-1: Non-compliance with laws and regulations in the social and economic area**

SAGT conducts quarterly risk assessments to track the Company's performance with regard to compliance with environmental, social and other regulatory requirements. During the year there were no significant fines imposed on SAGT. SAGT defines significant fines as any fine over LKR 1 Million.

EXTERNAL ASSURANCE



INDEPENDENT ASSURANCE STATEMENT

SCOPE AND APPROACH

DNV represented by DNV Business Assurance Lanka (Private) Limited has been commissioned by the management of South Asia Gateway Terminals (Pvt) Ltd. ('SAGT' or 'the Company', Company Registration Number PV326) to carry out an independent assurance engagement for SAGT's Sustainability Report 2020 – 2021 ('the Report') in its printed format. The sustainability performance in this Report covers SAGT's disclosures related to material topics for the financial year 1 April 2020 – 31 March 2021. The sustainability disclosures in this Report have been prepared by SAGT in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Standards 2016 ('GRI Standards') and its Core option of reporting.

We performed our verification (Type 2, Moderate level) activities based on AccountAbility's AA1000 Assurance Standard v3, DNV's assurance methodology VeriSustain™, which is based on our professional experience, international assurance best practices including International Standard on Assurance Engagements 3000 (ISAE 3000) Revised* and GRI's Reporting Principles. Our assurance engagement was planned and carried out in November 2021.

The intended user of this assurance statement is the Management of SAGT. We disclaim any liability or responsibility to a third party for decisions, whether investment or otherwise, based on this Assurance Statement. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion and this process did not involve engagement with any external stakeholders.

RESPONSIBILITIES OF THE MANAGEMENT OF SAGT AND OF THE ASSURANCE PROVIDER

The Management of SAGT has the sole responsibility for the preparation of the Report as well as the processes for collecting, analysing and reporting the information presented in the Report. SAGT is also responsible for ensuring the maintenance and integrity of its website and referenced disclosures on sustainability performance and management approach. In performing this assurance work, DNV's responsibility is to the Management of SAGT; however, this statement represents our independent opinion and is intended to inform the outcome of the assurance to the stakeholders of the Company.

DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith and free from misstatements. We were not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

The reporting Topic Boundaries of sustainability performance covers SAGT's operations at the Port of Colombo, Sri Lanka, as indicated in the Report in the sections 'About the Report' and 'Sustainability Integration'. The reported data on economic performance, and other financial data are based on audited financial statements issued by the Company's statutory auditors.

BASIS OF OUR OPINION

We planned and performed our work to obtain the evidence considered necessary to provide a basis for our assurance opinion, and as part of the assurance engagement, a multi-disciplinary team of sustainability and assurance specialists reviewed sustainability disclosures related to SAGT's operations in Colombo, Sri Lanka. Due to the outbreak of the COVID-19 pandemic and associated travel restrictions, we carried out remote assessments with SAGT as one-to-one and in-person discussions and onsite location assessments were not feasible. We undertook the following activities:

- Review of SAGT's approach to stakeholder engagement and materiality determination process and the outcome as presented in this Report. We did not have any direct engagement with external stakeholders;
- Interviews with selected senior managers responsible for management of sustainability issues and review of selected evidence to support issues disclosed within the Report. We were free to choose interviewees and interviewed those with overall responsibility to deliver the Company's sustainability objectives;
- Remote assessments with management teams of SAGT to review processes and systems for preparing the sustainability data, and implementation of sustainability strategy and management approach as per GRI Standards;
- Review of internal audit findings and outcomes for sampled performance disclosures;
- Review of supporting evidences for key claims and performance data in the Report on a sample basis;

- Review of the processes for generating, gathering and managing the specified performance data related to identified material topics and, for a sample, checking the data consolidation in context to the Principle of Completeness as per DNV VeriSustain;
- An independent assessment of SAGT's reporting against the GRI Standards and the reporting requirements for the GRI Standards: Core option of reporting.
- GRI 405: Diversity and Equal Opportunity 2016 – 405-1;
- GRI 406: Non-discrimination 2016 – 406-1;
- GRI 407: Freedom of Association and Collective Bargaining 2016 – 407-1;
- GRI 409: Forced or Compulsory Labour 2016 – 409-1;
- GRI 416: Customer Health and Safety 2016 - 416-2;
- GRI 418: Customer Privacy 2016 – 418-1;
- GRI 419: Socioeconomic Compliance 2016 – 419-1.

OPINION

On the basis of the verification undertaken, nothing has come to our attention to suggest that the Report does not properly adhere to the GRI Standards: Core option of reporting, including GRI 102: General Disclosures 2016, GRI 103: Management Approach 2016 and disclosures related to the following GRI Standards which have been chosen by SAGT to bring out its performance against the identified material topics:

- GRI 205: Anti-corruption 2016 – 205-1;
- GRI 301: Materials 2016 – 301-1;
- GRI 302: Energy 2016 – 302-1;
- GRI 303: Water and Effluents 2018 – 303-1, 303-2, 303-3, 303-4, 303-5;
- GRI 305: Emissions 2016 – 305-1, 305-2;
- GRI 306: Waste 2020 – 306-1, 306-2, 306-3;
- GRI 307: Environmental Compliance 2016 – 307-1;
- GRI 308: Supplier Environmental Assessment 2016 – 308-1;
- GRI 401: Employment 2016 – 401-1;
- GRI 403: Occupational Health and Safety 2018 – 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-9;
- GRI 404: Training and Education 2016 – 404-1;

OBSERVATIONS

Without affecting our assurance opinion, we also provide the following observations evaluating the Report's adherence to the Reporting Principles of the GRI Standards and principles of AA1000AS:

Inclusivity

The participation of stakeholders in developing and achieving an accountable and strategic response to Sustainability.

The Report brings out the processes of stakeholder engagement used to identify its various stakeholders, which include customers, suppliers, employees, shareholders, trade unions, government, statutory bodies, industry peers, local community, global regulators, media, and NGOs and financial institutions. The frequencies of engagement with each stakeholder group are defined, and the key concerns arising out of the engagement processes during the reporting period are brought out in the Report. As part of the reporting process during the year, SAGT also carried out an internal stakeholder engagement with its employees through an online platform to identify key issues and connected with employees to further

understand “how the work they undertake are interconnected with work undertaken by rest of the workforce of in SAGT and help in achieving the goals which SAGT as a organization wants to achieve”.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Inclusivity.

Materiality

The process of determining the issues that are most relevant to an organization and its stakeholders.

The Report brings out the outcome of materiality determination process which has been refined during the reporting year considering GRI's principle of materiality (as described in GRI 101: Foundation 2016) and AccountAbility's five-part materiality assessment process. Key material topics related to sustainable development have been disseminated across all internal stakeholders along with selected performance indicators to monitor performance trends.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Materiality.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The Report brings out responses to key material topics as qualitative and quantitative disclosures based on selected GRI topic-specific standards in line with the requirements of GRI Standards: Core option of reporting, including description of the sustainability Management Framework, policies, initiatives and management approach

EXTERNAL ASSURANCE



related to identified material topics. Further, the Management Team of SAGT is in the process of establishing the short-, medium- and long-term goals and targets which shall be disclosed in future reporting periods.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Responsiveness.

Impact

The level to which an organisation monitors, measures and is accountable for how its actions affect its broader ecosystems.

The Report articulates the processes through which SAGT identifies, evaluates and manages key impacts (internal and external) caused by its operations. Further, the Report also brings out its management approach and related strategies to mitigate potential and actual operational impacts.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Impact.

Specific Evaluation of the Information on Sustainability Performance

We consider the methodology and the process for gathering information developed by SAGT for its sustainability performance reporting to be appropriate, and the qualitative and quantitative data included in the Report was found to be identifiable and traceable; the personnel responsible were able to demonstrate the origin and interpretation of the data and its reliability. Nothing has come to our attention that the information provided to us was inconsistent, inaccurate and unreliable, or that the Report is not a faithful description of SAGT's reported sustainability activities for the reporting period.

Reliability

The accuracy and comparability of information presented in the report, as well as the quality of underlying data management systems.

SAGT has established a process and standard operating procedures to collate and analyse sustainability data related to its identified material issues on a quarterly basis. Further, internal audits are carried out to validate the accuracy of qualitative and quantitative disclosures based on the Company's Sustainability Standard Operating Procedures. The majority of data and information verified through our remote assessments and reviews with SAGT's teams at the Port of Colombo were found to be accurate and reliable. Some of the data inaccuracies identified during the verification process were found to be attributable to transcription, interpretation and aggregation errors and the errors have been identified, communicated and corrected.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Reliability.

Additional principles as per DNV VeriSustain

Completeness

How much of all the information that has been identified as material to the organisation and its stakeholders is reported

The Report brings out scope and boundary of identified material topics for the reporting period based on the GRI Standards: Core option of reporting and chosen topic-specific standards corresponding to identified material topics representing its economic, environmental and social performance during the period 2020-2021 for SAGT's operations at the Port of Colombo.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Completeness with respect to scope, boundary and time.

Neutrality

The extent to which a report provides a balanced account of an organization's performance, delivered in a neutral tone.

The Report presents GRI disclosures related to identified material topics, key concerns of internal and external stakeholders and sustainability performance in a neutral and balanced tone in terms of content and presentation, along with key challenges faced during the reporting period considering the overall sustainability context of SAGT's operations.

Nothing has come to our attention to suggest that the Report does not meet the requirements related to the Principle of Neutrality.

STATEMENT OF COMPETENCE AND INDEPENDENCE

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the DNV Code of Conduct during the assurance engagement and maintain independence where required by relevant ethical requirements including



the AA1000AS v3 Code of Practice. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of any statements or data included

For DNV

Digitally signed by
Vadakepatth Nandkumar
 Lead Verifier
 DNV Business Assurance India Private
 Limited, India

in the Report except for this Assurance Statement and Management Report. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV did not provide any services

Digitally signed by
Rohitha Wickramasinghe
 Operations Manager
 DNV Business Assurance Lanka Private
 Limited, Sri Lanka

to SAGT and its subsidiaries in the scope of assurance during 2020 that could compromise the independence or impartiality of our work.

Digitally signed by
Kiran Radhakrishnan
 Assurance Reviewer,
 DNV Business Assurance India Private
 Limited, India

17 November 2021, Colombo, Sri Lanka.



DNV GL Business Assurance Lanka (Private) Limited is part of DNV GL – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnvgl.com

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