



Sustainability

Report 2022

State Trading Organization plc

***Note:** This report is part of our Annual Report 2022*

*Sustainability
Report*

03

Sustainability at STO

Since its foundation, STO has been expanding its business by providing services to customers and society, based on its corporate philosophy of contributing to the realization of a more affluent and harmonious society.

Corporate success can no longer be based only on short-term profits, but through long-term, positive impacts a business can have on its society and the environment. In our drive to be a sustainable business, we believe it is important to not only acknowledge the issues that concern us all, but also to demonstrate the actions we are taking. These actions provide great opportunities to innovate further and to play our part in ensuring that the future generations will come to thrive.

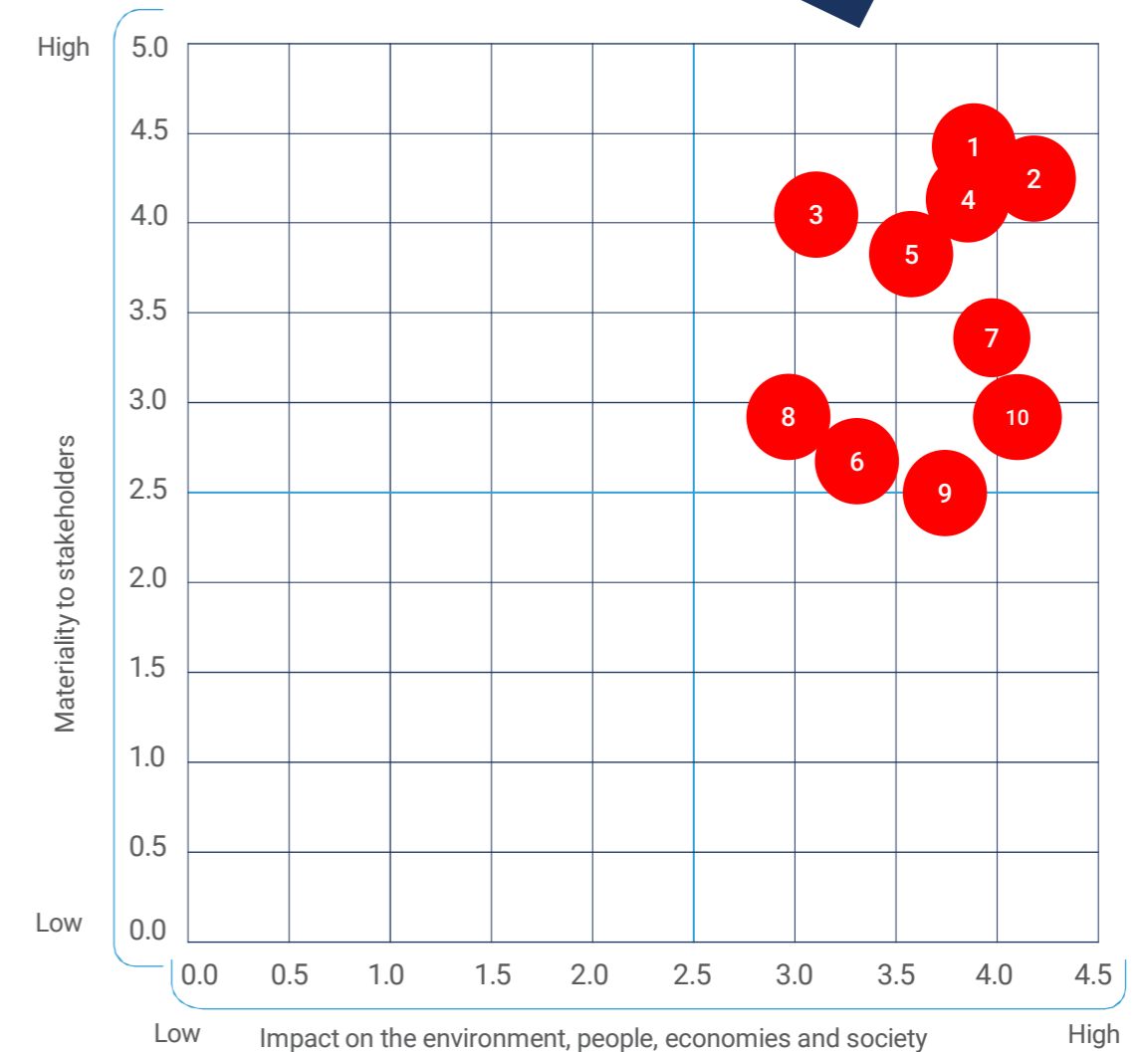
At STO, the Board of Directors have the overall responsibility for ensuring sustainability in actions through the Governance and Sustainability Committee. The implementation of these strategies is delegated to the CEO/MD and the top management.

It is through our purpose and strategy, that we address Environmental, Social and Governance (ESG) issues, working to fully integrating them into our business. Together with our suppliers, customers, employees, and other stakeholder, we strive to drive our sustainability ambitions.

This report contains information on STO's sustainability performance, position and results, and the sustainability impact by and on the Company's operations. It includes disclosures on issues relevant to the company's value chain, including climate and the environment, working conditions, equity, inclusion and diversity, health and safety and anti-corruption measures.

In a changing world facing significant social and environmental challenges and resource constraints, we aim to improve our processes, products, services and helps to build resilience as a business and through our supply chain, while being a fair and just company. Through our strategy, we support progress towards the UNDP Sustainable Development Goals.

Material analysis result



The current materiality analysis has been made through an internal assessment conducted within the Company. However, we aim to affirm these with our stakeholders and society, by next reporting date.

Our Purpose Pillars



STO's sustainability strategy is based on the Company's vision and business objectives, its impact on communities in terms of sustainability and the material topics considered to be important for the Company to focus on.

Current trends and the risks and opportunities identified by the Company are also taken into consideration. Based on these, STO has defined the most material sustainability topics and divided them up into four focus areas.

Hence, our sustainability focus areas are;

1 | Environment & Climate

The environment and climate pillar of STO's sustainability strategy is focused on reducing the negative impact of our operations on the environment and addressing the challenges of climate change. We are committed to implementing sustainable practices across all our business activities and promoting awareness and action on environmental issues within our community.



2 | Local community

Our aim is to create long-lasting positive impacts on the communities in which we operate. We strive to promote economic growth and employment opportunities, support local businesses, and engage in community development projects. Through our initiatives, we hope to build stronger and more resilient communities that are better equipped to thrive in the face of social, economic, and environmental challenges.



3 | People centric

The people-centric pillar of STO sustainability is centered on promoting the well-being, development, and empowerment of our employees, customers, and stakeholders. We believe in creating a diverse and inclusive workplace that fosters personal and professional growth. Through our various initiatives and programs, we strive to ensure the safety and well-being of our employees and customers, while providing them with opportunities for career advancement and skill development. We are committed to maintaining open channels of communication with all stakeholders and listening to their feedback and concerns.



4 | Responsible business












Our responsible business pillar focuses on promoting transparency, accountability, and good governance in all aspects of our operations. We strive to minimize the impact of our business activities on the environment and the communities in which we operate. We also prioritize the safety and well-being of our employees and aim to create a diverse and inclusive workplace that fosters growth and development.



Material Topics

The current material topics have been identified through an internal assessment conducted within the Company. However, we aim to affirm these with our stakeholders and society, by next reporting date.

The diagram below indicates the list of our material topics mapped against the United Nations Global Compact Principles, the UNDP Sustainable Development Goals and our purpose pillars.

Material Topics	Environment Pillar	Community Pillar	People Pillar	Business Pillar	UNGC Principle	SDG Mapping
1. Governance, business conduct, ethics and transparency	•	•	•	•	3,4,6,10	  
2. Human Rights	•	•	•	•	1,2,3,4,5,6	     
3. Diversity, equity, inclusion and people development			•		1,6,10	  
4. Employee and customer safety, health and well-being		•	•		1,2,7	 
5. Reduced energy and other resource consumption to support climate change	•			•	7,8,9	         
6. Responsible sourcing and procurement practices	•	•		•	1,2,4,5,8,10	      
7. Product/services and its quality impact on the environment and society	•	•	•	•	1,2,7,8,9	        
8. Innovation capabilities and management	•			•	9	   
9. Local community development		•	•		1,2	      
10. Waste management and circular principles	•	•		•	1,7,8,9	       

Material Topic 01

Governance, business conduct, ethics & transparency

Supports



- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 The elimination of all forms of forced and compulsory labor.
- 6 Elimination of discrimination in respect of employment and occupation.
- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Governance

We have established a robust governance framework that outlines the roles and responsibilities of our Board of Directors, management team, and other key stakeholders. Our governance framework also includes policies and procedures that guide decision-making, risk management, and reporting. We regularly review our governance practices to ensure they remain relevant and effective, and we have a culture of continuous improvement. We also engage with our stakeholders on governance-related matters and welcome feedback on how we can enhance our practices.

Refer page 27 to review full report on our adherence to corporate governance.

STO Board did not include of any female directors since May 2022

99%
Compliance to CC code

Anti-Bribery and Anti-Corruption Policy

We understand that bribery and corruption are serious offenses that can have far-reaching consequences for our business, our stakeholders, and society. Our policy outlines the standards of behavior that we expect from all our employees, contractors, and suppliers, and we provide regular training to ensure that everyone understands their responsibilities. We also have a robust system of controls and procedures in place to identify and mitigate any bribery and corruption risks. We take all allegations of bribery and corruption seriously and investigate them thoroughly.

Our company is fully committed to compliance with the Anti-bribery and Anti-corruption Policy for STO Group. The compliance to this policy is periodically reviewed by the Legal Affairs and Risk Management Department of STO.

During 2022, any bribery or corruption complains received, have been thoroughly investigated in association with the Internal Audit Department of STO, and necessary actions have been duly taken.

Zero complaints on anti-bribery and anti-corruption

Timely Disclosure

We acknowledge that transparency is crucial in establishing trust with our stakeholders, and we are wholly dedicated to furnishing precise and punctual information about our operations, performance, and impacts.

Being a public listed company, we adhere to the governance and disclosure standards set forth by the Capital Market Development Authority, Maldives. In line with these principles, we believe that we have already disclosed all significant and price-sensitive information for the year 2022 and have not received any penalties or warnings from regulators for any delays or non-compliance.

Furthermore, STO follows the IFRS Reporting Standards and confirms of providing accurate and timely disclosure of the organizations financial position and performance. As such, the financial statements disclosed in the quarterly and the annual reports of the Company bear the signatures of the CFO, Chairman of Audit Committee, and the CEO/MD.

100%
Compliance to CDOI & MQRR

Material Topic 01

Governance, business conduct, ethics & transparency cont.

Business Ethics

Our company is deeply committed to upholding the highest standards of ethical behavior in all our operations and interactions. Our Code of Conduct outlines the values and principles that guide our actions and decisions, and we provide regular training to ensure that our board of directors and all our employees understand their responsibilities. We have established policies and procedures to manage ethical risks and encourage employees to report any potential violations without fear of retaliation.

Our Code of Ethics consist of Staff Handbook, Employee Code of Conduct, Code of Ethics for Board Directors, Corporate Social Responsibility Policy, Environmental Ethics, Research and Development Ethics and other policies and procedures of the Company concerning responsible business conduct.

We take all allegations of unethical behavior seriously and investigate them thoroughly. During 2022, we did not receive any complaints on ethical non-compliance.

Speak Up Facilities

Employees and external parties who witness a violation of the Code of Conduct, laws or our policies can report the violation, anonymously, through the whistleblowing tool set up on our corporate website and intranet. The complaint reports go simultaneously to the Chairman of Board Audit Committee and the Chief Audit Executive, which is then investigated by the Internal Audit Department and submitted to the Audit Committee and where necessary to the CEO/MD for relevant action.

Our Whistleblower Policy ensures protection of the whistleblowers who, in good faith, voices their concern. There were 21 messages received through speak up facilities in 2022.



Conflict of Interest

Conflict of interest policies and procedures are essential for any organization to maintain integrity and avoid legal and reputational risks. These policies help us to prevent situations where an individual or a group may have a personal interest that could influence their ability to make impartial decisions.

STO has in place a Conflict of Interest and Disclosure Policy, which defines the types of relationships or circumstances that could lead to conflicts, such as financial interests, personal relationships, or outside employment. It also includes guidance on how to disclose potential conflicts, how to evaluate and manage them, and what actions need to be taken if a conflict is identified.

The Board of Directors and management disclose and update their conflict-of-interest declarations every 6 months to the Corporate Affairs Department. This information is shared with Procurement Department and any other concerning functions, where required. Conflict of interest declaration of all other staff are monitored and registered at the People Operations Department

Impact Assessment

+ impact

By maintaining rigorous ethical standards, we strengthen the confidence, trust, and overall well-being of all our stakeholders, including shareholders and customers. To achieve this, we have strived to establish ethical and governance guidelines that align with local regulations and industry best practices. Adhering to these principles allows us to combat the scourge of bribery and corruption, which can pose significant risks to our business. Our governance structure and processes prioritize transparency and aim to engage all stakeholders in a fair and inclusive manner.

- impact

We firmly believe that non-compliance with these standards would result in unethical and corrupt practices, ultimately leading to unfair advantages for a select few at the expense of many others. As such, we remain committed to upholding these principles and ensuring that our business operates in an ethical and responsible manner.

Material Topic 02 Human Rights

The Company through our policies and practices aim to ensure that human rights are protected, respected, and fulfilled in our operations, supply chains, and relationship with our stakeholders.

Human Resource Policy

Our commitment to human rights and fair labor conditions is confirmed in our Code of Conduct, Human Resource Policy, Operation Manuals, Procurement Policy and Know Your Client Policy, in which we support, the Employment Act of the Maldives, the Human Rights Act of the Maldives, the International Maritime Labor Conventions 2006 and the guidelines on human trafficking and labor rights of Ministry of Economic Development, Maldives. STO's Code of Conduct is supported by our core values, and it provides guidance in identifying, preventing, and mitigating risks related to human rights and fair labor conditions.

Supplier Code of Conduct

Our suppliers are genuine partners, and we work with them towards mutual value creation. All supplier agreements are compiled and vetted by the Legal Affairs and Risk Management Department of the Company, which include provisions on upholding human rights and responsible sourcing. These agreements and further collaborations ensure our suppliers have high standards in business ethics and respect for people and environment. Furthermore, we conduct due diligence on our suppliers and other vendors in order to identify and address any potential human rights risks and impacts associated with our procurement activities.

Our Human Rights Mantra

Our work on human rights and fair working terms is integrated in our regular processes and procedures in different ways. We have zero tolerance for forced labor, slave labor or child labor. We support children's rights and the right to education. We do not accept any form of harassment or bullying and believe in a diverse workforce without any form of discrimination based on gender identity, ethnicity, nationality, age, disability, marital status or social group.

Grievance and regular review mechanisms

We recognize that in a large organization, conflicts between employees or between employees and management can arise. To address this, our company has established mechanisms to enable employees to express their grievances and ensure that proper investigations are carried out. We have a robust HR facility in place that allows any employee to submit their concerns or ideas for improvement to the HR department.

Additionally, we have an Appeal committee made up of members of management. This committee is tasked with reviewing and investigating any complaints or grievances related to HR or their decisions. With these measures in place, we strive to create a workplace where all employees feel heard, valued, and supported.

Supports



- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 Make sure that they are not complicit in human rights abuses.
- 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- 4 the elimination of all forms of forced and compulsory labor.
- 5 The effective abolition of child labor.
- 6 Businesses should work against corruption in all its forms, including extortion and bribery.

Impact Assessment

+ impact

By implementing policies and practices that respect human rights, we can improve our reputation as a responsible corporate citizen, increase employee satisfaction and loyalty, and minimize risks to people and the environment. Additionally, such policies can improve our supply chain management and ensure compliance with legal requirements related to human rights and labor conditions. Overall, these benefits can lead us to achieve better business outcomes and create a more positive impact on society and the environment.

- impact

Neglecting human rights policies and practices can result in legal penalties, negative publicity, and damage to the company's reputation. It can also lead to low employee morale, high turnover rates, negative impacts on local communities and the environment, and disruptions to the supply chain, causing delays and higher costs.

Material Topic 03

Diversity, equity, inclusion, and people development

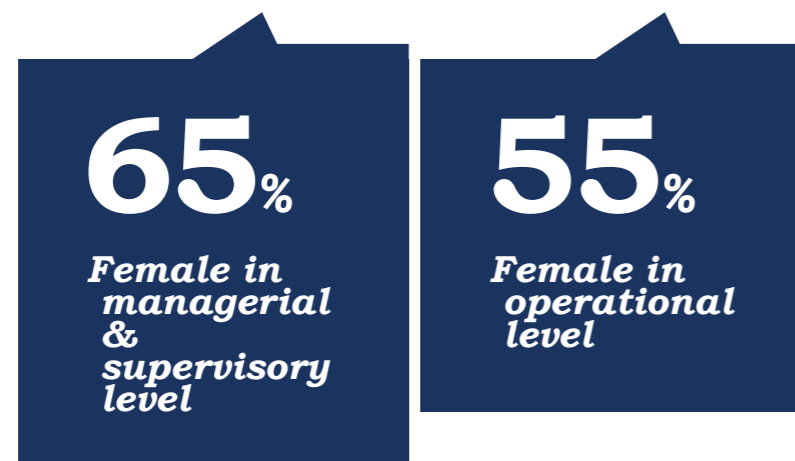


Diversity and Inclusion

At STO, we recognize that diversity and inclusion are key to creating a sustainable workplace. We are proud that our job roles, hierarchies, and staff are comprised of gender diverse talent, and we strive to continue promoting diversity at all levels of the Company. Our job advertisements are not restricted by age (except where prohibited by law) or gender and we welcome everyone to join us.

Additionally, as part of our inclusion initiative, we currently employ 13 staff with special needs. We believe that creating a workplace that is accessible and welcoming to people from all backgrounds and abilities is not only the right thing to do, but it also makes us a stronger and more resilient organization.

By the end of 2022, a total of 2267 staff were employed, of which 37% were female. Majority of female employees work in the operational level while 4% of them also work at the top managerial level.



People Development

We are committed to providing our employees with opportunities for growth, learning, and career advancement. Our training and development programs are designed to equip our employees with the skills and knowledge they need to succeed in their roles, as well as to prepare them for future career opportunities. We also prioritize employee engagement through regular feedback mechanisms, communication channels, and recognition programs. We believe that engaged employees are more committed to their work, more productive, and more likely to contribute to our overall success.

During 2022, a total of MVR12 million was spent for the learning and development of employees, of which a major component was spent to train and develop the employees working in sales and information technology.

The Company introduced Udemy learning platform for employees, to facilitate an up-to-date, and internationally credible platform for employees to learn on the job. We opened scholarship programs for bachelor's degree in mechanical engineering, diploma in radiography and other technical and customer relations trainings. We also offered over 60 internships and apprenticeship programs throughout the organization.

Regular induction programs were held for newly recruited staff to onboard and welcome them, while motivational speech and knowledge sharing sessions were held for all staff of the Company. Motivational sessions were held on pressing topics such as mental well-being, standing up against domestic violence and self-acceptance.

Staff Privileges

At STO, we value our staff and recognize their hard work and dedication towards the company's success. As part of our commitment to ensuring that our staff feel appreciated and valued, we offer a range of staff privileges and benefits. These privileges are designed to enhance the overall employee experience, and we continuously review and update them to ensure that they remain relevant and meaningful to our staff.

In 2022, we proudly introduced "STO Little Wonders" program that provided financial aid to employees in obtaining day care services for their children. We also have in place a widespread Staff Privilege Program where staff receive certain benefits like discounts and priority through partnered collaborators with STO.

STO recognized its staff in 14 different categories, including best performers, most promising staff, outstanding innovator, and educational achievement award. The Company also hosted leaders' forums for managerial level employees to gather and discuss on strategic improvement and creating synergy.

Material Topic 03

Diversity, equity, inclusion, and people development cont.

The Company further has in place a fully equipped gym facility and a club house for the staff to relax and enjoy different games at office. Apart from this, STO facilitated vaccine programs and celebrated staff engagement days with several activities organized.

Employees are entitled to life and health insurance and a zero-interest staff loan, as per Human Resources Policy of the Company. Additionally, staff can purchase company goods through the staff credit scheme.

We opened for 214 jobs during the year, for which 3607 applications were received, affirming that the Company is an accepted employer of choice in the Maldives. Further to this, we have employees working in every inhabited island of the Country.

Adequate pay and necessary leaves

Fair and competitive compensation is essential to attract, motivate and retain the best talent in the Company. Our remuneration policy is based on the principles of pay for performance, external competitiveness, internal consistency, and fairness. Our remuneration policy does not discriminate between gender or age. Employees are provided fair and equal bonus and incentives through a Bonus and Incentive Policy approved by the Board of Directors.

With the introduction of minimum wage by the Ministry of Economic Develop in late 2021, STO was the first Company to adopt accordingly. Further to this, with the changes to Employment Act of the Maldives, where parental leaves were introduced, we were also one of the first companies to adopt it. As such, today a birth mother will get 6-month parental leave while the male employees get up to 1-month leave, while being employed.

105

**Employees
obtained
maternity
leave**

64

**Employees
obtained
paternity
leave**

Impact Assessment

+ impact

We understand that diversity and inclusion policies, people development programs, staff privileges and benefits, and fair compensation with necessary leaves can greatly benefit our organization. These measures can boost employee morale, motivation, and productivity, leading to a stronger and more resilient organization. They can also enhance employee skills and knowledge, resulting in better job performance, career growth opportunities, and higher engagement, retention, and job satisfaction. Additionally, they help establish a positive work culture and attract top talent, further improving productivity and reputation.

- impact

Failure to prioritize diversity and inclusion policies can create a homogenous workplace with low employee morale, motivation, and productivity. It can also lead to legal issues and negative publicity. Neglecting people development programs can lead to unskilled employees, low productivity, high turnover, and a negative reputation. Disregarding staff privileges and benefits can result in low motivation, job satisfaction, and loyalty, leading to a negative work culture, low productivity, and high turnover. Inadequate pay and leave policies can cause difficulties in attracting and retaining top talent, lower employee morale, and damage to the company's reputation, as well as cause potential legal issues and negative publicity.

Material Topic 04

Employee and customer safety, health & well-being

Supports



We are committed to providing a safe and healthy work environment for our employees, as well as ensuring the safety and well-being of our customers in our operations. To achieve this, we have implemented a range of safety measures, including regular safety trainings, hazard assessments, and safety protocols that are consistently enforced across our facilities. We also prioritize employee and customer health by offering health and wellness programs, providing access to healthcare services, and promoting healthy habits and practices. We believe that a safe and healthy workplace is not only essential for the well-being of our employees and customers but also critical to our long-term sustainability..

Safety practices and protocol

We have in place comprehensive safety procedures and protocols to protect our employees, customers, and other stakeholders. Our safety policies are developed in compliance with industry standards and regulations, and we continuously monitor and review them to identify opportunities for improvement.

In 2022, we collaborated with Alert Maldives Pvt Ltd, to install fire extinguishing systems in all our office premises and facilities, with the aim of ensuring effective fire safety measures. Additionally, throughout the year, we organized periodic fire drills to ensure preparedness in case of a fire emergency.

We also provided our employees with regular safety trainings to ensure they understand the risks and know how to prevent accidents and incidents.

STO has in place, an Emergency, Organizational Health and Safety Committee consisting of senior management team members. We also have a Safety and Security Officer mandated to ensure and monitor safety and security controls, issues, risks, and take necessary actions within the organization. This function is performed by the Business Development and Property Management Department of the Company in association with all other departments.

Fuel operations

STO operates the largest fuel terminal in Maldives at Funadhoo Fuel Terminal. STO's tankers discharge at Funadhoo and Maldives Airports Company's terminal at Velana International Airport. Supply to Velana International Airport, Maafaru International Airport and Gan International Airport is fully compliant to EI 1530 Standard from origin to airport depot.

Our Funadhoo terminal undergoes annual reviews on the safety standards by Ministry of Defense as well as other authorities, and the management and Board of Directors closely review it to ensure validity of all controls. We follow International Safety Guidelines for Tankers and Terminals (ISGOTT), in order to ensure safer and environmentally responsible marine operations, during discharge. We deal with low sulfur content fuel and MGO, up to 10ppm.

Low Sulphur fuel

Furthermore, to ensure compliance to the changing regulations, we confirm that our marine fuels are fully compliant to IMO regulations. We also continuously review our automotive fuel specifications to meet evolving emission and environmental standards. We established the first fuel testing laboratory in Maldives, in association with Geochem, Dubai, in mid-2022.

Our commitment to safety practices and protocols has resulted in a safer work environment and thus in a reduction in the incidents and injuries. Our fuel terminal and vessels are equipped with efficient measures to address any accidental hazards. Our people are well trained and geared to tackle any such situation.

We are proud to acknowledge that we've had zero accidents or incidents in our fuel operations during the past year.

Zero incidents & accidents in fuel terminal

Material Topic 04

Employee and customer safety, health & well-being cont.

Fleet management

Fleet management is a critical component of employee and customer safety, health, and well-being. We regularly assess and maintain our vehicles and vessels to ensure they are in good working order and meet safety standards. We also provide our drivers with training on safe driving practices and implement policies to ensure compliance with traffic laws and regulations.

STO is a responsible and conscientious player in the maritime industry, committed to complying with international regulations and conventions related to pollution prevention, health and safety enhancements, and ship security improvement. We have implemented all mandatory conventions and resolutions adopted by the IMO, including SOLAS 74, MARPOL 73/79, ISM Code, ISPS Code, MLC 2006, and BWB, to ensure the highest levels of safety and security in all our operations.

In addition to these conventions, STO has recently adopted and implemented various activities on all foreign vessels. These activities include fitting approved Ballast Water Treatment Systems, which are required to comply with the parameters stipulated in Regulation D2 of the Ballast Water management Convention. This is to ensure that the ballast water discharged from the ships is free from harmful substances that could harm the marine environment.

We have also developed the Ship Energy Efficiency Management Plan Part 3 (SEEMP Part III) to comply with the Carbon Intensity Index (CII) requirement of MARPOL, which aims to minimize air pollution from ships. The SEEMP Part III contains measures that aim to reduce greenhouse gas emissions from the ships, including measures related to speed optimization, route optimization, and operational improvements.

Furthermore, we have implemented the Energy Efficiency Existing Index (EEXI) calculation, which is a new requirement of the MARPOL convention to minimize air pollution. The EEXI is a measure of the energy efficiency of a ship, and it is calculated based on various factors, including the size and age of the vessel, its propulsion system, and its operational profile. STO is committed to implementing the EEXI requirement to minimize air pollution and reduce the carbon footprint of its operations.

We use low sulfur fuel (LSFO) or very low sulfur oil such as MGO to meet IMO sulfur cap 2020, which limits any vessel using any fuel with sulfur content above 0.5%. This is to reduce the emission of sulfur oxides, which are harmful to human health and the environment.

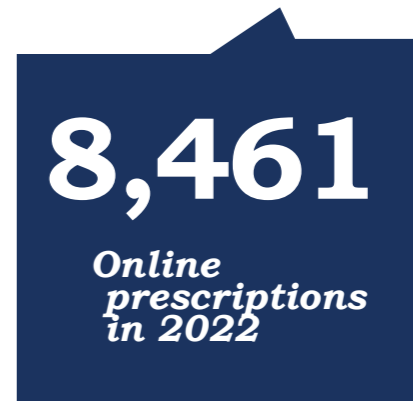
Moreover, Vessel Safety Management system is continuously monitored and updated to keep the Health, Safety, and Security system in compliance with ISM, ISPS codes, and MLC convention. The annual internal and external audits are regularly conducted, and corrective actions are implemented to rectify any observations or non-conformity issued in the audits. This ensures that our vessels are operated in a safe and secure manner, and the crew and passengers are protected from any potential risks.

Furthermore, we follow green purchase policy to enhance energy efficiency of the vessels and minimize environmental pollution. STO is committed to sourcing eco-friendly products and services that meet the highest environmental standards. This policy ensures that STO is doing its part in reducing the environmental impact of its operations, and it encourages suppliers to adopt environmentally friendly practices.

Health and safety at stores and pharmacy chain

STO operates a hypermarket and several mini stores in different parts of the country. In order to ensure health and safety at these stores and pharmacies, we conduct regular cleaning and disinfection of our stores and warehouses. At our pharmacies, plexiglass shields are used at checkout counters, to help reduce the risk of transmission between customers and employees. Furthermore, we promote use of contactless payment methods, such as mobile payment and credit/debit cards, to reduce the need for cash handling. We also encourage social distancing and provide hand sanitizing stations at the stores.

In addition to this, we also have in place a mechanism for contactless prescription services which allows customers to order medicine online, and we also have an online store; ESTORE, that allow our customers to order supermarket and home appliances online and get it delivered to doorstep.



8,461
Online
prescriptions
in 2022

Material Topic 04

Employee and customer safety, health & well-being cont.

Health and safety at warehouses

STO operates a total of four primary warehouses situated in Male', in addition to a port and warehouse facility located in Thilafushi. Among the four warehouses in Male', two are designated for storing goods procured for our hypermarket operations, while the remaining two are specifically reserved for storing essential supplies such as staple foods and medical equipment. As we deal with a wide variety of international brands, each warehouse is subject to rigorous health, safety, and operational standards to ensure that we maintain high quality standards at all times.

At STO, we take the safety and security of our staff and customers very seriously, particularly in our staple food and medical warehouses. As part of our commitment to maintaining the highest levels of safety, these facilities are regularly inspected by the Maldives Food and Drug Authority. Additionally, we have implemented strict operational protocols. We have fully palletized our sugar godown and we are currently working on the palletization of rice godown. To minimize the risk of injury or damage, all goods are stacked, removed, and moved using forklifts and other equipment. Furthermore, it is to note that the forklifts used in these warehouses are electric and thus energy efficient. To further enhance the safety of our operations, our staff are required to wear appropriate safety clothing and gear at all times. Through these efforts, we are able to maintain a safe and secure environment for all those involved in our operations.

At our medical warehouse, we prioritize compliance with international standards set forth by prominent international brands we deal with. Our Quality Assurance Officer at the Medicals Department is responsible for ensuring that we maintain the necessary compliance standards. Our Medical Department in overall, is ISO certified and we maintain a high level of hygiene and practice regular disinfection at our facilities. To further improve our operations, we have invested in a larger and more modern warehouse in Hulhumale', which is currently undergoing final preparations and will be fully operational by June 2023. Equipped with improved technology and standards, this new warehouse will enhance our ability to provide exceptional service and support to our valued customers. In addition to our own internal efforts, the Maldives Food and Drug Authority conducts regular inspections at our medical warehouses to ensure that we are meeting all necessary requirements and standards.

The Construction Solutions Department at STO is responsible for managing our warehouse and port operations at Thilafushi. Given the nature of our operations, which primarily involve the handling of construction materials, we maintain some of the highest safety standards in the industry. To ensure the safety of our employees and maintain compliance with industry regulations, we have established strict safety protocols that all employees are required to follow. This includes the use of specific gear and following well-defined operating procedures. Through our dedication to safety, we have been able to minimize the risk of injury or damage and provide a safe and secure environment for our staff and customers.

We will continue to prioritize safety as an integral part of our sustainability efforts and work towards continuous improvement in our safety practices and protocols.

Impact Assessment

+ impact

Employee and customer safety, health, and well-being is a critical aspect of sustainability for any organization. Ensuring that employees and customers are safe, healthy, and satisfied is not only the ethical thing to do, but it also has positive impacts on the organization's bottom line. When employees feel safe and healthy, they are more productive and engaged, which can lead to increased profitability and reduced turnover. Moreover, when customers feel safe and well-cared for, they are more likely to return and recommend the organization to others, resulting in increased revenue and brand loyalty. We believe our initiatives in this regard are efficient and we will continue to work on strengthening them.

- impact

Failure to ensure employee safety can result in work-related injuries and illnesses, absenteeism, decreased morale, and legal liabilities. Similarly, neglecting customer safety and well-being can result in reputational damage, decreased revenue, and legal consequences. Additionally, failing to address employee and customer well-being can lead to reduced productivity, increased healthcare costs, and high turnover rates. We understand that not prioritizing employee and customer safety, health, and well-being can risk significant negative impacts that can ultimately threaten our long-term sustainability.

Material Topic 05

Reduced energy and other resource consumption to support climate change

Supports



- 7 Businesses should support a precautionary approach to environmental challenges.
- 8 Undertake initiatives to promote greater environmental responsibility.
- 9 Encourage the development and diffusion of environmentally friendly technologies.

As one of the largest business established in Maldives, we recognize the impact that our operations may have on the environment, and hence are committed to reduce the impact we could make by our actions.

Solar grids at STO Staple Warehouse

As part of our green initiative, we conducted a pilot project at STO Staple Warehouse by installing solar panels at the site in September 2022. To date we have generated 26,670 KW through this facility, and we now operate the warehouse, on 100% clean energy. Further to this, we have reduced 26,590kg of carbon emission since its installation, which is equivalent to around 1,500 trees being saved from deforestation.

Staple Food Warehouse runs on **100%** Clean Energy

Reduction of paper usage

In our efforts to promote sustainability, we have implemented various strategies to reduce paper consumption across our organization. One of the key initiatives we undertook in 2021 was the introduction of digital signature and document handling technologies. This move has enabled us to significantly reduce our reliance on paper-based processes and other digitization initiatives have resulted in 7 of our departments to become totally paperless in 2022. The implementation of these technologies has not only helped us to minimize our environmental impact, but it has also improved our efficiency and reduced our costs.

By adopting digital signing platform, we have reduced 13,474lb of carbon emission which is equivalent to 5,740lb of wood being saved or conserving 17 trees.

100%
Paperless in 7 departments

87%
Reduction in plastic bag usage

Plastic reduction efforts

Since 2018, STO has been working towards reducing plastic bag usage. Under this initiative, STO gave away 1,000 reusable bags to customers in the same year. Following that, we have also launched discount programs to encourage customers to bring in their own bags. In 2021 we stopped using plastic bags in all our 191 pharmacies and started using paper bags instead.

Furthermore, with the introduction of the Environment Protection and Preservation Act (Act No. 4/93) in Maldives, we have made efforts to reduce the use of single use plastic, both in our in-house management and business operations. As a first step, we started charging MVR2.5 per plastic bag and MVR2 per paper bag from our outlets, and further encouraged customers to bring in their own bags. This initiative was made in July 2022. Today, in April 2023 our data shows that there has been an 87% reduction on the use of plastic bags from our outlets. We have managed to move from 310,000 bags a year to just 41,000 bags. On 18th April 2023, we have declared not to take charge on paper bags, here forth. We still encourage customers to bring their own bag

Further to this, we have provided and encouraged our staff to use glass or flask bottles at office.

Material Topic 05

Reduced energy and other resource consumption to support climate change cont.

ISO certified C-70 cement

STO is also a distributor of construction materials, including cement, which is identified as a significant contributor to carbon emissions. To address this environmental concern, we have adopted rigorous international standards and best practices in our operations. As a result of these efforts, STO Power-mix operation obtained ISO 9001:2015 certification in 2020, which ensures that our customers receive the highest quality of ready-mix concrete while also adhering to sustainable practices.

In addition, we are committed to further reducing our carbon footprint by introducing Green Concrete into our product range. Since 2022, we have been conducting extensive research and trials to adopt a formula that incorporates waste concrete, less cement, and fewer harmful materials to the environment. This innovative approach significantly reduces energy consumption and CO² emissions compared to traditional concrete production methods. Our goal is to introduce eco-friendly concrete by the end of 2023.

LED lights

We have also implemented several other initiatives to reduce our carbon footprint, including the use of LED lights in our office spaces. The installation of LED lights has allowed us to significantly reduce our energy consumption while also lowering our greenhouse gas emissions.

LED lights are known to be more energy-efficient than traditional lighting systems and can last up to 25 times longer, reducing the frequency of replacements and resulting in less waste. By switching to LED lights, we have not only reduced our energy costs but have also contributed to the fight against climate change.

Walk to work

At our organization, we believe that small actions can make a big impact when it comes to sustainability. That's why we have implemented a practice on every third Wednesday of each September, where all staff are encouraged to walk their way to work. By promoting this initiative, we aim to reduce our carbon footprint by decreasing the number of vehicles on the road and promoting physical activity. Walking to work not only benefits the environment but also has positive effects on health and well-being. By participating in this event, our staff not only demonstrate their commitment to sustainability but also encourages others to consider alternative modes of transportation that have a lower impact on the environment.

Impact Assessment

+ impact

By implementing sustainability initiatives like using solar energy, reducing paper and plastic usage, we believe we can reduce our environmental impact, save costs, improve reputation, and comply with regulations. These initiatives promote environmental protection and efficiency, leading to long-term success and competitiveness. It also saves us from negative consequences on the environmental performance, reputation, and legal compliance.

- impact

Lack of sustainable practices risks increased costs, regulatory fines, and reputational damage due to higher carbon footprint and climate change. It can also increase expenses related to energy, waste disposal, and other resources, impacting financial performance and competitiveness. Non-compliance with environmental regulations can result in legal issues, fines, and reduced customer and employee satisfaction, further harming the organization's image and prospects.

Material Topic 06 Responsible sourcing and procurement practices

Supports



- 1 Businesses should support and respect the protection of internationally proclaimed human rights
- 2 Make sure that they are not complicit in human rights abuses.
- 4 Elimination of all forms of forced and compulsory labor.
- 5 Effective abolition of child labor.
- 8 Undertake initiatives to promote greater environmental responsibility.
- 10 Businesses should work against corruption in all its forms, including extortion and bribery.

Supplier code of conduct

At STO, we understand that responsible sourcing and procurement practices are critical components of sustainable operations. We are committed to ensuring that our suppliers meet our standards for ethical and sustainable approaches, including fair labor practices, environmental responsibility, and community engagement. To this end, we work closely with our suppliers to identify areas where we can improve our supply chain sustainability, such as reducing waste and adopting international standards.

Transparency in procurement process

We also recognize the importance of transparency in our procurement practices. Hence, as part of our commitment to responsible sourcing, we engage in open and honest communication with our suppliers, sharing our expectations and priorities for sustainable operations. We have also introduced the SAP Ariba and Snap buying module to our procurement process, in order to bring efficiency and simplification. By working collaboratively with our suppliers, we are able to create a more sustainable supply chain that benefits our customers, our partners, and the planet.

Long-term contracts

To minimize service disruption and stock out situations, we have initiated long-term supply agreements with our partners. In addition, we have taken steps to reduce that products that are considered harmful to health and are hazardous to the community, made available through our outlets. We also encourage our suppliers to adopt sustainable material in packaging and promote circular practices.

We aim to work closely on this topic to derive further initiatives.

Impact Assessment

+ impact

Implementing responsible sourcing and procurement practices at STO can lead to enhanced reputation, increased customer loyalty and sales, cost savings, improved efficiency, and a more sustainable supply chain.

- impact

Not implementing these practices can lead to reputational damage, decreased customer loyalty, potential legal issues, increased costs, strained relationships with suppliers, service disruptions, and harm to the environment and community.

Material Topic 07

Product/services and its quality impact on the environment and society

Supports



- United Nations Global Compact
- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
 - 2 Make sure that they are not complicit in human rights abuses.
 - 7 Businesses should support a precautionary approach to environmental challenges.
 - 8 Undertake initiatives to promote greater environmental responsibility.
 - 9 Encourage the development and diffusion of environmentally friendly technologies.

As a trading company that deal with a variety of products, we recognize the need to ensure that our products and services have a positive impact on the environment and society. We take a proactive approach to sourcing our products, ensuring that they are produced in an environmentally responsible manner, meet our quality standards and are less harmful to the society.

Support locally sourced products and local businesses

In our Supermarket and Agri center, we prioritize the availability of locally sourced produce to support our local farmers and businesses and reduce our carbon footprint. We also encourage our customers to use reusable bags and support biodegradable packaging options. We ensure that our internationally sourced brands are responsible businesses in terms of ESG and encourage our local businesses to follow the same.

We recently changed our supermarket and household appliance store to a hypermarket concept, where we empower local businesses to partner with STO in promoting their products through out facilities. As such, more than 150 local businesses are now our business partners. Additionally, we also encourage local businesses to prosper by becoming agents of STO. As such we now have over 400 agents registered with us for our staple food, construction, supermarket and household products.

Healthy supermarket products

Our goal is to acquire and offer products that are both environmentally sustainable and promote good health.

One of the products we supply as part of this objective is Devondale. Devondale milk is committed to responsible farming practices. They work with farmers to promote sustainable land management, including reducing the use of pesticides and fertilizers and minimizing soil erosion. Devondale also prioritizes the welfare of its cows, ensuring they are treated ethically and are kept in comfortable living conditions. The Company also uses energy-efficient processes in its production facilities, reducing its energy consumption and greenhouse gas emissions. Additionally, Devondale uses recyclable packaging for its milk products, reducing the amount of waste that ends up in landfills.

Apart from this, Devondale milk is a great source of nutrition and provides a range of health benefits. Drinking Devondale milk regularly can help to prevent conditions such as osteoporosis, especially in older adults. Additionally, Devondale milk is also fortified with vitamins D and A, which are important for healthy vision, immune system function, and the absorption of calcium in the body.

Another brand that we deal with is Fragata. Fragata, has also implemented sustainable sourcing and invested in energy-efficient technologies, waste reduction programs, and ethical labor practices. The company has also established partnerships with local communities, adheres to strict quality and safety standards, and reports regularly on its ESG performance.

Fragata's olives and olive oil have potential health benefits. They contain antioxidants that protect against inflammation and oxidative stress, while olive oil's high monounsaturated fatty acid content makes it heart-healthy.

Apart from this, we also deal with other products such as Huggies diapers and choice range of products.

Material Topic 07

Product/services and its quality impact on the environment and society cont.

Energy efficient home appliances

In our home appliances division, we prioritize energy-efficient products that help reduce energy consumption and greenhouse gas emissions.

As the distributor for Hitachi products in Maldives, we are proud to affirm that their refrigerators are energy efficient with inverter compressors and LED lighting, which help to reduce energy consumption and lower its carbon emission. These features also help to reduce energy costs for consumers.

In addition to refrigerators, Hitachi air conditioning systems are also designed with environmental considerations in mind. Hitachi uses eco-friendly refrigerants in its air conditioning units, which have a lower impact on the ozone layer and reduce greenhouse gas emissions. These products also utilize inverter technology in its air conditioning units, which help to reduce energy consumption and improve overall efficiency.

As part of our efforts, we have collaborated with the Ministry of Environment, Climate Change and Technology, by becoming the first company to enroll in their "Hakathari" program. The Hakathari program provides consumers with a simple and clear indication of the energy-saving potential of electrical appliances, at the point of purchase. This is achieved via the Hakathari label affixed on the appliances that showcase a five-star rating system.

Sustainability responsible KONE lift

We are also the sole distributors for KONE lifts and escalators in Maldives. KONE is another sustainably responsible brand where lifts are designed with energy-efficient features, such as regenerative

drives, which capture the energy generated by the elevator during operation and use it to power other building systems. This reduces energy consumption and lowers carbon emission, as well as reducing the building's energy costs. KONE also uses eco-efficient materials and production processes in the manufacturing of its lifts, such as using recycled materials and reducing waste and water consumption. We have also introduced touchless elevators, that promote a safer and more hygienic way of using elevators by eliminating the need to physically touch elevator buttons.

Low VOC NIPPON paint

We are the distributors of Nippon Paint which has low VOC (volatile organic compounds) content. VOCs are chemicals that can have harmful effects on both human health and the environment, and they are commonly found in paints and other coatings. By developing low-VOC products, Nippon Paint is helping to reduce the emissions of these harmful chemicals into the atmosphere. Nippon Paint is also committed to reducing waste and conserving natural resources throughout their manufacturing and distribution processes. We also offer the eco-friendly paint, including paints made with recycled materials and water-based paints that have a lower environmental impact than traditional oil-based paints.

Energy-efficient MAKITA

Another brand that we are associated with is Makita. One of the primary environmental benefits of Makita power tools is their high energy efficiency. Many of their tools are designed to use less energy than their counterparts, helping to reduce greenhouse gas emissions and conserve resources. Additionally, Makita has developed a range of cordless power tools that use rechargeable lithium-ion batteries, reducing the need for disposable batteries that can end up in landfills. Makita also utilizes eco-friendly manufacturing practices and materials, such as the use of recycled plastics and the reduction of hazardous materials in its products.

Medically responsible pharma products and equipment

In our medicine and medical equipment division, we prioritize the availability of high-quality products that meet international standards. We also work closely with healthcare providers to ensure that our products are delivered in a way that supports the community and minimizes our impact on the environment. Some of the top brands that we have partnered with include internationally recognized brands such as Siemens, Enraf Nonius, Fresenius Kabi, Zeiss, Philips Healthcare, Matachana, Behnk Electronik, Perkin Elmer, Alliance, Nihonohden, Leica and Muler.

Siemens is a company that offers a range of innovative solutions in the fields of energy, healthcare, and industry. The company is committed to sustainability and has set ambitious goals to reduce its environmental impact. For example, Siemens aims to be carbon-neutral by 2030 and has implemented measures to reduce its energy consumption and greenhouse gas emissions. In terms of health benefits, Siemens' healthcare division offers a range of advanced medical equipment and technology that can help to improve patient outcomes and quality of life. These include diagnostic imaging systems, laboratory equipment, and devices for minimally invasive surgery.

Enraf Nonius is a company that specializes in developing and manufacturing medical equipment for physical therapy and rehabilitation. The company's products are designed to help patients recover from injuries and improve their mobility and overall health. Enraf Nonius' equipment is often used by physiotherapists and sports medicine professionals to treat a range of conditions, from chronic pain to sports injuries. In terms of environmental benefits, Enraf Nonius is committed to sustainable manufacturing practices and uses materials that are safe for both people and the environment.

Material Topic 07

Product/services and its quality impact on the environment and society cont.

Fresenius Kabi is a global healthcare company that specializes in the development and production of lifesaving medicines and medical devices. The company's products are used to treat a range of conditions, from cancer to renal failure. Fresenius Kabi is committed to sustainability and has set targets to reduce its carbon footprint and water usage. In terms of health benefits, the company's products can help to improve patient outcomes and quality of life, allowing people to live longer and healthier lives.

Zeiss is a leading manufacturer of optical and optoelectronic technology. The company's products are used in a range of applications, from microscopy to industrial metrology. Zeiss is committed to sustainability and has implemented measures to reduce its energy consumption and waste production. In terms of health benefits, Zeiss' medical division offers advanced imaging technology and devices for ophthalmology, neurosurgery, and other medical applications.

Philips Healthcare is a company that specializes in the development and production of medical devices and technology. The company's products are used to diagnose and treat a range of conditions, from sleep disorders to cardiovascular disease. Philips Healthcare is committed to sustainability and has set targets to reduce its carbon footprint and use of hazardous materials. In terms of health benefits, Philips Healthcare's products can help to improve patient outcomes and quality of life.

Matachana is a company that specializes in the development and production of sterilization equipment for healthcare facilities. The company's products are designed to prevent the spread of infections and diseases, improving patient safety and health outcomes. Matachana is committed to sustainability and has implemented measures to reduce its energy consumption and waste production. In terms of health benefits, Matachana's sterilization equipment can help to prevent infections and reduce the spread of diseases, improving overall public health.

Behnk Elektronik is a company that offers advanced medical equipment and technology for a range of applications. The company's products are used in fields such as neurology, ophthalmology, and surgery. Behnk Elektronik is committed to sustainability and has implemented measures to reduce its energy consumption and waste production. In terms of health benefits, Behnk Elektronik's products can help to improve patient outcomes and quality of life.

Perkin Elmer is a global healthcare company that specializes in the development and production of medical devices and technology. The company's products are used in fields such as diagnostics, research, and drug discovery. Perkin Elmer is committed to sustainability and has set targets to reduce its carbon footprint and water usage.

Overall, we understand the importance of our commitment to providing high-quality products and services that have a positive impact on the environment and society. We recognize that our business has a significant impact on the world, and we are committed to minimizing that impact while providing the best possible products and services to our customers.

Impact Assessment

+ impact

Making available, environmentally sustainable products through our showrooms, can have several positive impacts. It can help reduce the organization's carbon footprint, minimize pollution and waste, and promote the conservation of natural resources. By supporting these products, we can contribute to a healthier planet and support the well-being of future generations. Additionally, by supporting local businesses, an organization can stimulate the growth of the local economy, create employment opportunities, and foster a sense of community. This can result in stronger relationships with stakeholders and enhance the organization's reputation. Furthermore, promoting products that support good health, such as organic or locally sourced foods, can benefit the overall health and well-being of employees.

- impact

Failing to prioritize sustainable products can cause societal, environmental damage and reputational damages to the company. Neglecting local businesses can lead to job losses and a weakened community, damaging reputation and support. Ignoring health-focused product sourcing can also harm environmental and societal well-being.

Material Topic 08

Innovation capabilities and management

Supports



United Nations Global Compact

9 Encourage the development and diffusion of environmentally friendly technologies.

STO has invested in various technologies and initiatives to improve its operations, reduce its environmental footprint, and provide better services to its customers.

STO Smart Store

In 2022, one of our primary initiatives was to establish the STO Smart Store, which is a technology-based store that eliminates the need for cashiers, enabling customers to purchase products using technology. We are currently in the final testing phase, and the store is scheduled to open by late July 2023. This innovative store will be the first of its kind in Maldives.

STO Digital Bank

STO is not only focused on enhancing its retail operations but is also working towards revolutionizing the banking industry in Maldives by establishing the first digital bank. With the world moving towards digitalization, STO recognizes the need to keep up with this trend and offer its customers a hassle-free and convenient banking experience. The digital bank will allow customers to perform transactions online, manage their accounts, and access various financial services without the need to visit a physical bank branch. This initiative aims to provide customers with a seamless banking experience, reduce operational costs, and promote sustainability by minimizing the use of paper. The work on this project is currently underway, and STO is committed to launching the digital bank in the near future, as we receive the necessary approvals.

SAP S/4HANA Enterprise Resource Planning (ERP) System

In order to streamline our operations, we are currently in the migration process from SAP ECC to SAP S/4HANA enterprise resource planning (ERP) system. This will enable the company to automate various processes, improve data accuracy, and increase operational efficiency. STO has also adopted the SAP Ariba platform for its procurement needs, which has improved supplier collaboration and simplified the procurement process.

LS Retail

STO has also introduced LS Retail, a comprehensive point of sale and retail management system. The LS Retail software has enabled STO to streamline its sales and inventory management processes, resulting in increased efficiency, reduced costs, and improved accuracy in financial reporting. With this system in place, STO has been able to effectively manage its inventory levels, ensure that the right products are available at the right time, and reduce the amount of waste associated with overstocking. Additionally, the system has allowed STO to better understand customer buying patterns and preferences, which has enabled the company to make informed decisions on product assortment and pricing.

Loyalty program

In 2022, STO launched a customer loyalty program that aims to encourage repeat business and promote customer engagement. This program offers various rewards and benefits to customers who frequently shop at STO stores, such as discounts, free items, and exclusive deals. By participating in this program, customers can earn loyalty points for every purchase they make, which can be redeemed for rewards at a later time. The program is designed to create a more personalized shopping experience for customers and to foster a stronger relationship between STO and its loyal customers.

Dhoadhiflow

STO recognizes the importance of streamlining internal processes to improve efficiency and productivity. In 2022, STO launched Dhoadhi Flow, an in-house development software that automates all internal approval processes, including service requests, internal purchases, launch requests, and others. This program has streamlined and standardized the approval processes and reduced the time and effort required for manual processes. The software has also enabled better tracking of approvals and eliminated the need for physical signatures, making it a more sustainable solution. The implementation of Dhoadhi Flow has led to significant improvements in efficiency and accuracy, allowing STO to focus more on delivering value to its customers.

Material Topic 08

Innovation capabilities and management

cont.

Odihanu

In addition to Dhoadhi Flow, STO has also developed Odihanu, a program designed to monitor and request goods between IGMH and STO Medicals. This program has greatly improved the efficiency of the procurement process for medical supplies and equipment, reducing the time and effort required for manual processes. The program enables real-time tracking of goods in transit, streamlines the approval process, and reduces the risk of stock-outs. By leveraging technology to improve the procurement process, STO has been able to provide better healthcare services to the people of Maldives.

These initiatives have not only improved the customer experience, but also contributed to cost savings and reduced the company's environmental impact by reducing paper usage and increasing efficiency.

Impact Assessment

+ impact

STO has experienced positive outcomes from its implemented initiatives. The STO Smart Store will provide a faster checkout experience by eliminating cashiers, and the loyalty program promotes repeat business. Automation through software systems like SAP S/4HANA ERP, SAP Ariba, and LS Retail has improved efficiency, reduced manual labor, and prevented waste. Dhoadhi Flow and Odihanu streamlined procurement and approval processes, improving accuracy and efficiency. These initiatives have also resulted in cost savings and contributed to STO's sustainability efforts by minimizing paper usage, reducing waste, and optimizing energy consumption.

- impact

In the absence of these initiatives, STO's manual processes would reduce efficiency and increase manual labor, resulting in longer wait times and decreased productivity. The absence of a loyalty program could lead to reduced repeat business, while the lack of cost-saving measures could result in higher expenses and lower profitability. Furthermore, the absence of sustainability initiatives could harm the environment and damage the company's public image.

Material Topic 09

Local community development

Supports



- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
- 2 Make sure that they are not complicit in human rights abuses.

As a responsible corporate citizen, STO recognizes the importance of contributing to the development of the local community. In line with this, we have undertaken several initiatives to support the communities we operate in.

>350k
People were benefited through our community initiatives

Youth, sports and entertainment

STO recognizes the importance of youth, sports, and entertainment in promoting a healthy and active lifestyle within the community. In line with this, we have been actively supporting various sports events and tournaments throughout the country, including football, basketball, volleyball, and futsal. Our involvement in these events ranges from providing financial support to participating in event organization and management. Our support for sports and youth development also extends beyond the sports arena, as we have established partnerships with local youth organizations to provide mentorship and leadership development programs for young people.

Our efforts in promoting sports and entertainment in the community include providing aid to the Football Association of Maldives (FAM) to organize practice matches for the National Football team. We also participated in the 95th anniversary celebrations of the first School in Maldives by providing funds to hold their anniversary activities.

Additionally, we assisted the Ministry of Youth, Sports, and Community Empowerment in hosting a music festival to mark the new year celebrations. Through our support for the Urban Events and Artists, we provided funds to hold an international music festival in Maldives called the Sundown Fest, which attracted performers and visitors from around the world.

To further promote youth development, we have supported the Dhivehi Masveringe community to carry out programs on training local fishermen to dive safely. We have also sponsored the National "Bandufilaa Challenge", organized by the Maldives Bodyboarding Association, and partnered with Maziya Football Academy, Afnan Rasheed Badminton Academy, Basketball Stars Academy, and Eagles Sport Club for the year.

We have also celebrated with the Maldives Nurses Association in marking their 75th Anniversary and became a partner of Baibala Challenge 2022. Furthermore, we sponsored the "Raas" Championship, organized by the Racing Association of Maldives, the SABA Women's Championship by Maldives Basketball Association, and the Makita National Athletics Championship, organized by the Maldives National Athletics Championship.

In addition, we provided funds to sponsor the South League, organized by the Football Association of Maldives. We also sponsored the Chaachana Music Festival by Baiskoafu and the Minivan Cup held by the Anti-Corruption Commission of Maldives.

These events brought together music lovers, sports fans and enthusiasts from all over the country to celebrate and enjoy the performances by local and international artists.

11m
Spent (in MVR)

Material Topic 09

Local community development cont.

Knowledge sharing forums

Knowledge sharing and learning are essential for the growth and prosperity of individuals and communities. Our organization recognizes this and places a great emphasis on promoting and facilitating such initiatives, and we believe it can help shape the future of individuals and communities.

In line with this commitment, we have sponsored and facilitated several events and initiatives, such as the "Laamarukazee Conference of 2022", facilitated by the Aa. Ukulhas Council. This conference provided a platform for the representatives from the councils of all Atolls and islands together with relevant institutions to gather, discuss and learn from each other.

We also sponsored the 21st Assembly of the International Organization of Supreme Audit Institutions' working group on Environment Audit, which was hosted by the Auditor General's Office. This event brought together auditors from different countries to discuss best practices and emerging trends in environmental auditing. Similarly, we supported the Maldives Accountants Forum in 2022, which provided accounting professionals with a platform to discuss industry trends and challenges.

In addition, we sponsored the Top Achievers Ceremony organized by the Ministry of Education, which recognized and rewarded outstanding students who excelled in their academic pursuits. We also supported the Mufti Menks speech organized by the Ministry of Islamic Affairs, which aimed to promote spiritual and moral development among young people.

Moreover, we sponsored the 45th IFPAWPCA convention in the Maldives, organized by the Maldives National Association of Construction Industry. This convention aimed to promote innovation and best practices in the construction industry. Lastly, we sponsored the ABU media summit on climate action and disaster awareness by Public Service Media, which aimed to raise awareness about the impact of climate change and disasters on communities and to promote effective communication strategies to mitigate their effects.

Through our sponsorships and collaborations, we aim to equip young people with the necessary knowledge and skills to succeed in various fields and to make positive contributions to their communities.

Infrastructure development

Infrastructure development is a crucial aspect of overall economic growth and sustainable development in any country. STO recognizes this and is committed to contributing to the development of urban areas in the Maldives. One way we do this is by actively engaging with local communities to understand their needs and ensure that the projects implemented align with their expectations. By investing in urban development, we believe we are contributing to the well-being of the community and promoting economic growth in the Maldives.

In line with our commitment to urban development, STO has engaged in various initiatives aimed at improving the living standards of Maldivians. For example, we have aided in the development of an office building for the Chartered Accountants in the Maldives and Care Society, provided TVs to Aasandha Company to assist them in their operations, and contributed to installing lights at the Sh.Foakaidhoo football grounds. We have also donated chairs to the Maldives Police Services and provided materials required to build halfway houses in B.Dhonfanu, Hdh. Finey and few other islands.

STO has also contributed to the renovation of several mosques in various atolls in the Maldives. This includes providing air conditioners and construction materials for the renovation of Ga.Dhaandhoo, R.Innamaadhoo and Adh. Kunburudhoo mosque, among others. We have also provided paint for the maintenance work of "Kudakudhinge Hiya" and contributed materials to Maldives Police Services to set up a volleyball court for their officers.

8m
*Spent
(in MVR)*

Material Topic 09

Local community development cont.

Furthermore, STO has provided assistance to various educational institutions and hospitals in the Maldives. For instance, we contributed materials to establish the B.Atoll Education Center turf grounds, provided TVs to M.Veyvah School, Ga. Atoll Education Center, and Sh.Foakaidhoo School, among others. We have also provided ACs to AA.Rasdhoo Hospital and L.Gas Hospital and computer systems to Sh. Kanditheem Health Center and B.Kamadhoo Health Center.

We also contributed books to Th. Atoll Education Center and vinyl flooring to Maafannu Madharusa, provided materials to construct a preschool in Hdh. Kulhudhufushi and provided security camera system to Hiriya School.

We believe our contributions in this way will assist in the development of the community.

13m

*Spent
(in MVR)*

9m

*Spent
(in MVR)*

Health & Well-being

At STO, we recognize the importance of promoting good health and well-being in our communities. Through our sustainability initiatives, we have supported various health programs and campaigns in partnership with government and non-governmental organizations. Our goal is to increase awareness about important health issues and improve medical services for everyone in the community. For example, we were proud to sponsor the Maldives Brain and Spine conference organized by ADK, which aimed to enhance knowledge among medical professionals in treating disorders of the cranial, spinal and peripheral nerves.

We also supported the International Joint Conference for Healthcare Professionals, the Medical Laboratory Professionals Week organized by the Gan Regional Hospital, and the Youth Foundation Movement's Public Campaign on Alzheimer's and Dementia. In addition, we assisted Red bird Investment in printing a book on cancer awareness and supported World Mental Health Day awareness programs by MNU.

Furthermore, we were honored to sponsor the Mr. Maldives competition, which promotes fitness and healthy lifestyles among young men in the country. Our commitment to health and well-being reflects our belief in the importance of sustainable development and improving the quality of life for everyone in the Maldives.

Impact Assessment

+ impact

STO's support of sports events and mentorship programs for young people helps to foster healthy, active, and responsible citizens. This can ultimately result in a more productive workforce and a higher overall quality of life for society. Similarly, their sponsorship and facilitation of knowledge sharing events can help to develop a skilled and knowledgeable workforce, leading to increased innovation, productivity, and competitiveness. STO's aid in infrastructure development, including the construction of office buildings and renovation of mosques, contributes to improving living standards in the Maldives. This can lead to enhanced economic growth and social stability.

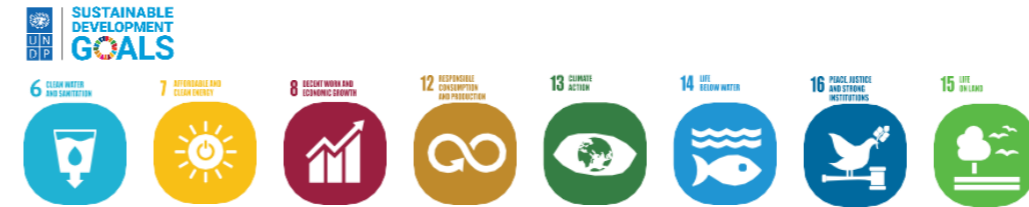
- impact

Neglecting local community development by STO, could be detrimental to the company, the society and community. This could lead to less engagement between the company and the community. It could affect society in carrying out important community projects and holding development programs for the society.

Material Topic 10

Waste management and circular principles

Supports



- United Nations Global Compact
- 1 Businesses should support and respect the protection of internationally proclaimed human rights.
 - 7 Businesses should support a precautionary approach to environmental challenges.
 - 8 Undertake initiatives to promote greater environmental responsibility.
 - 9 Encourage the development and diffusion of environmentally friendly technologies.

Waste management and circular principles are important components of sustainability, and at STO, we take these issues seriously. We have implemented a range of initiatives to reduce waste and promote the circular economy, such as recycling programs, waste reduction campaigns, and sustainable products. Our goal is to minimize the amount of waste generated, maximize the amount that is recycled or repurposed, and reduce the environmental impact of our operations.

Some of the waste management and circular economy initiatives we have undertaken include:

- Implementing a paperless office policy and promoting digital document management,
- Encouraging the use of reusable bags and containers through campaigns and incentives,
- Developing and promoting sustainable product lines, such as eco-friendly cleaning products and reusable water bottles.
- Diverting food waste and product waste as fish feed and other organic ways,
- Responsibly separating organic and other waste and partnering with the Waste Management Corporation of the Maldives to effectively dispose waste,
- We follow the MFDA regulations on disposal of medicine and medical equipment waste.

We strive to discover and implement improved methods for waste disposal, while also enhancing our collaboration with waste management organizations to increase the efficiency and effectiveness of the process.

Impact Assessment

+ impact

Implementing waste management and circular economy initiatives can reduce operational costs, enhance STO's reputation, and attract environmentally conscious customers, leading to increased loyalty and trust from stakeholders. It can also reduce waste production and minimize negative environmental impacts while helping to comply with regulations and avoid legal consequences.

- impact

Neglecting waste management and circular economy initiatives can increase costs, harm STO's reputation, reduce customer loyalty, and lower sales and profits. Poor waste management can cause environmental damage, while non-compliance with regulations can result in legal action, fines, sanctions, and negative publicity, all of which can negatively affect STO's reputation and financial performance.



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