



## Environmental, Social and Governance (ESG) Strategy Enhancement

Since its establishment, APD has been making a vital contribution to the economic development of The Bahamas through its daily operations, continuously thriving to provide the most efficient, high quality port services to the port users and the general public. As a critical national infrastructure service and member of the community, APD is continuously looking for more effective ways to support local businesses and users of the port, minimize our environmental impacts, provide our employees with a safe working space and the opportunity to develop their skills, and simultaneously contribute to the wider communities we operate in.

To continue our progress on this journey, APD have an ongoing engagement with ESG advisors, KPMG Advisory Services Ltd., to support us in embedding ESG strategy, targets and metrics across the organization and governance structure. Initial actions included a benchmarking exercise and a review of relevant international standards to shape our ESG Strategy and approach. Our Board and ESG Committee worked with our advisors to develop a number of ESG driven strategic value initiatives (SVIs). We then completed a baseline assessment of these SVIs and are developing implementation plans to embed the SVIs into the governance of the organization to enhance our ESG performance.

To further align managerial decisions with broader societal and environmental goals, which is increasingly vital for responsible and resilient corporate leadership, our senior management performance assessments will be informed by our ESG performance to provide a comprehensive evaluation of their leadership.

Further details to the key objectives of these SVIs are as follows:

SVI	Objective
1. Climate and Decarbonization	Reduce the Greenhouse gas (GHG) emissions footprint of the port and its tenants, with initial focus on Scope 1 & 2 emissions
2. Port Modernization	Enhance our ability to provide clean energy to customers, with an initial focus on reduction of reliance on fossil fuels for APD's own operations
3. Climate Resilience	Protect the port from adverse physical impacts of climate change, making it more resilient to catastrophic events such as hurricanes.
4. Environmental Care	Minimize the port's impact on the environment (air, water, soil, acoustic environment, biodiversity)
5. Waste Management	Reduce the amount of waste from the port that ends up in landfill / enhance awareness of the waste challenge
6. Staff Professional Development	To focus on developing a skilled work force for the future and remain an attractive employer of choice.
7. Health & Safety	Protect staff, contractors, and customers from health & safety hazards

8. Well-being	Support and improve well-being of employees
9. Cybersecurity	Reduce our exposure to cyber risk
10. Investing in Local Community – Education	Create lasting improvements in the quality of life for local communities through education
11. Local Business Support	Foster a healthy local business environment for businesses in the vicinity of the port, as well as our users.
12. Safeguard for Families – Education	Support local working families by providing school children with maritime interest access to scholarships
13. Diversity, Equity & Inclusion	Promote diversity and inclusion across the organization
14. Responsible Business	Promote an ethical work culture with robust governance
15. Digitalization of Processes	Improve agility, productivity value to the community, and supply chains. In addition, reduce costs and increase employee productivity by moving to digital processes where more efficient.
16. Digitalization of Operations	Develop a Port community system to improve efficiency and effectiveness
17. Transparency & Stakeholder Engagement, Including Shareholder Education	Promote transparency for stakeholders
18. Executive Incentives	Manage ESG-related business risks and pursue opportunities

The following section describes our approach to sustainability management and current progress on each SVI:

**Environmental**

- Decarbonization – Scope 1, 2 and partial scope 3 emissions have been calculated, totaling 1,505 tCO<sub>2</sub>e – roughly the equivalent annual emissions of 327 cars. Further assessment was undertaken to identify improvements that can be made to port equipment to reduce fossil fuel dependence as currently only 2% of APDs energy use comes from renewable sources. Enhancements will ultimately reduce APD’s greenhouse gas (GHG) emissions footprint.
- Climate resilience – We have conducted an evaluation of various climate-related projects and enhancements that could be implemented at the port, aiming to bring about both economic and environmental advantages. This assessment involved gathering pertinent options from comparable establishments to inform our improvement efforts.
- Environmental care – We have engaged with third party consultants (SEV Consulting) to undertake a study on air, water and noise pollution within the port to provide an understanding, ultimately to help guide us in implementing ways to improve on the environmental impact of port operations.
- Waste – Existing waste streams have been identified and estimated the baseline output of waste as 715m<sup>3</sup> for the period. The knowledge gained during the exercise will be applied to guide waste reduction strategies and improve waste management practices, for example on recycling as there is currently no recycling being undertaken.

**Social**

- Staff professional development – There is a Training Policy in place to ensure adequate training is provided to all APD staff. Monitoring of training logs as part of ESG management has indicated that 100% of employees have received at least one training course in the year, with over 6,300 total hours of training being spent over the 2020 – 2023 period. Looking forward we are seeking to provide more value-add training that seeks to address any potential skills gaps that may exist to better ensure alignment with our strategic goals. This will also aid in the development of comprehensive, customized training programs for each of our employee grades.
- Health & Safety – There is a robust health & safety management system in place for which success in this system has been indicated by there being zero fatalities or hospital admissions due to work related accidents and a decrease in overall health and safety incidents since the prior year.
- Wellbeing – A corporate mental health and wellbeing program is being developed in collaboration with partners to be launched next year.
- Cybersecurity – We run an effective cybersecurity program with regular routing testing and checks. We conduct regular reviews to identify potential areas of improvement to reduce cybersecurity risk.
- Corporate Social Responsibility (CSR) – As in previous years, beyond its mandated Port obligations, APD has contributed to national development over several important platforms underpinned by our able and willing company teams, skills, knowledge, funds and time. We continue to provide significant support to a variety of organizations and charities in The Bahamas. We are in the process of identifying additional frameworks that we could potentially support.
- Diversity, Equity & Inclusion – We exercise a no-bias policy and strive to achieve gender equality within our organization by providing male and female staff with equal opportunities. Work undertaken during the year has improved transparency in diversity data which will help to guide our ongoing diversity strategy, ultimately to increase representation of underrepresented demographic groups.

## Governance

- Responsible business - A review of our current code of conduct was undertaken which included a benchmarking exercise with several other leading ports around the world to make the most impactful changes.
- Digitalization of processes – With the goal of improving agility, productivity value to the community, and the supply chain while simultaneously reducing costs a maturity assessment of current processes has been undertaken which has identified priorities for ongoing improvements to be made.
- Transparency & stakeholder engagement, including shareholder education – To promote transparency in our annual reporting we are working to apply the two inaugural global sustainability disclosure standards, recently published by the International Sustainability Standards Board (ISSB), in forthcoming annual reports. By meeting this globally accepted baseline for reporting standards, we aim to improve trust and confidence disclosures about sustainability to help inform decision making.
- Executive incentives – Aligning our efforts on sustainability with incentives ensures accountability of top executives while rewarding them for making decisions that are good for the environment and society, as well as for APD.

## **Financial Report – Subsequent Events section**

In June of 2023, the International Sustainability Standards Board (ISSB) issued its first two IFRS Sustainability Disclosure Standards: IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures. These standards are intended to provide a comprehensive framework for companies to disclose sustainability-related financial information in a consistent, comparable, and decision-useful manner.

These standards are available for adoption on 1 January 2024 and can be implemented on a full or partial basis.

APD is committed to providing our stakeholders with high-quality sustainability-related financial information. We believe that the ISSB standards will be a valuable tool for our stakeholders in understanding the sustainability-related risks and opportunities that our company faces. Therefore, we are currently evaluating the requirements of the ISSB disclosures and will make necessary changes to our financial reporting in order to comply in the applicable timeframe to help us manage these risks and opportunities and to create long-term value for our stakeholders.

In addition to the ISSB standards, we are also considering other sustainability-related reporting guides. We will continue to evaluate these and will adopt the initiatives that we believe are most appropriate for APD or the port sector.

### **Quarterly Report:**

APD has been working with consultants in order to improve our ESG strategy by producing Strategic Value Initiatives with specific Key Performance Indicators that cover multiple environmental, social, and governance topics.